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## Metancur Lectures Reagan on Latin American Policy

By David Staff From Dispatches  
GOTA — Anti-American  
and a stern lecture from  
President Ronald Reagan. Fri-  
day he arrived in Bogota on  
the leg of a Latin American  
tour.  
The city outskirts police used  
gas to disperse 200 university  
students who hurled stones and  
"Yankee go home" signs.  
The police said two policemen  
were hurt and 10 students arrested.  
Metancur, with Mr. Reagan  
beside him at lunch, said  
attempts to exclude some Latin  
American countries from the  
American system were  
in his last, Mr. Reagan  
for admission of Cuba to  
Organization of American  
States and criticized U.S. trade  
policies.  
He said, should follow  
the lead of the United Nations  
and away with "exclusionary  
visions" so that there can be a  
"dialogue" among Latin  
American countries.  
This week and cordial visit  
to re-establish the terms of po-  
litical exchange between the Uni-  
ted States and Latin America that  
has considerably deteriorated  
since the still-unresolved  
issue of the Falklands in which  
region was neglected, Mr. Be-  
tancur said.  
He told Mr. Reagan: "I ask you  
to understand with the leaders of  
the Americas in affirming that  
the 'which' cannot be attained  
by pressure or isolation but

rather by indiscriminate assis-  
tance."  
The United States has hurt Co-  
lombia, he said, by limiting its sup-  
port of the International Monetary  
Fund and the Inter-American De-  
velopment Fund and with protec-  
tive tariffs. "That's the way it is,  
Mr. President," Mr. Betancur said.  
Mr. Reagan, in his toast, took a  
conciliatory tone. "When people  
— above all, those people who ex-  
ercise responsibility and must  
make decisions — do not know  
each other, the potential for mis-  
understanding is particularly  
great," he said.  
"That is why I am here, coming  
as a friend and as a neighbor ask-  
ing what are our problems and dif-  
ferences, and how can they be  
overcome," he said. "I came to lis-  
ten and to learn — to ask how we  
could be of greater help in promot-  
ing peace and progress the Ameri-  
cas."  
"Our neighbors in Central  
America are in turmoil. They are  
threatened by a devastating eco-  
nomic crisis and by local insurgen-  
cies supported by outside coun-  
tries which do not wish to see the  
republics of America succeed. The  
question is, how can we help?"  
Mr. Reagan noted that Colom-  
bia had joined with Costa Rica  
Oct. 4 in a Central American peace  
plan that seeks to stop importation  
of heavy offensive weapons into  
Central America, withdraw foreign  
military advisers, and terrorism  
and subversion against neighbors,  
reconcile dissidents and call elec-  
tions.  
"Of these," he said, "the last is  
the most significant. For we all  
know that democracies are far less  
likely than any other regimes to  
abuse their own people and to  
make war on their neighbors."  
Mr. Reagan also pledged to re-

solve differences over narcotics  
and U.S. tariffs that block the sale  
of Colombian goods. In return for  
a crackdown on Colombia's \$2 bil-  
lion a year cocaine trade, Mr. Be-  
tancur seeks more access to U.S.  
markets for Colombian coffee, tex-  
tiles and other products.  
On the eve of Mr. Reagan's visit,  
demonstrators burned paper U.S.  
flags and an effigy of Uncle Sam  
near Bolivar Plaza. In addition, a  
bomb exploded Thursday outside  
a Mormon church in a govern-  
ment-built apartment area named  
after the late President John F.  
Kennedy, the only other American  
president to visit Colombia. Ken-  
nedy dedicated the housing project  
in 1961.  
Later Friday, Mr. Reagan was  
to go to Costa Rica to begin a se-  
ries of summits with Central  
American presidents on their polit-  
ical and economic problems and  
conflicts with leftist Nicaragua.  
President Alvaro Magaña of Ni-  
caragua, who was invited by the  
White House to meet Mr. Reagan  
in Costa Rica, was coming with his  
economics minister, Jose Manuel  
Paez Castro, and Foreign Minis-  
ter Fidel Chavez Mena.  
The meeting between President  
Luis Alberto Monge of Costa Rica  
and Mr. Reagan will not occur un-  
til Saturday.  
After that meeting, Mr. Reagan  
will continue to Honduras. That  
country's four biggest labor organi-  
zations accused the Reagan ad-  
ministration Friday of pushing  
their country to the brink of war  
with neighboring Nicaragua.  
The charge came in a joint state-  
ment that reflected widespread  
fears among liberals and leftists in  
Central America that Mr.  
Reagan's visit was aimed at for-  
ging an alliance of conservative  
countries against leftist Nicaragua.



HUSSEIN IN MOSCOW — King Hussein of Jordan, right, is greeted Friday by Yuri V. Andropov, the Soviet leader. The king and other Arab representatives met with Mr. Andropov at the Kremlin to discuss Middle East problems and Soviet-Jordanian relations. Page 2.

## Soviet Interest Reported in U.S. Arms Proposal

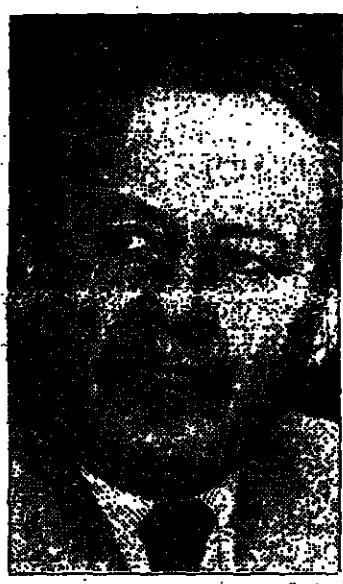
By Hedrick Smith  
New York Times Service

WASHINGTON — The Soviet  
leadership has sent President  
Ronald Reagan a message express-  
ing interest in his recent proposals  
for measures aimed at reducing the  
danger of accidental war, accord-  
ing to administration officials.  
The officials said Thursday that  
the Soviet response neither accept-  
ed nor rejected the proposals,  
which were made public in a tele-  
vised speech on Nov. 22 and were  
conveyed through diplomatic  
channels to the Soviet leaders.  
The Soviet Union was reported to  
have asked where the United  
States wanted to discuss them in  
detail. The Russians were report-  
edly told that the Americans  
wished to pursue them in the arms  
control talks in Geneva.  
Although this was possibly the  
first substantive communication  
from the Soviet leadership un-  
der Yuri V. Andropov to the Uni-  
ted States, senior officials were cau-  
tious about interpreting the  
prompt response as an indication  
that the Russians were eager to  
seek a compromise in the arms  
area.  
One official described the mes-  
sage, delivered orally by Ambassa-  
dor Anatoli F. Dobrynin in a  
meeting on Wednesday with Law-  
rence S. Eagleburger, under secre-  
tary of state for political affairs, as  
"a businesslike attempt to keep the  
dialogue going."  
In the Nov. 22 speech, the presi-  
dent said he proposed advance  
notification of test launchings of  
intercontinental and medium-  
range missiles, advance notice of  
major military exercises and a  
broad-ranging exchange of basic  
data about nuclear forces.  
The president also mentioned  
possible improvements in the hot-  
line communications system be-  
tween Moscow and Washington.  
He had made similar offers in June  
in West Berlin.  
The Soviet message came at a  
time when the United States is  
watching not only the Soviet po-  
sition on arms talks but also internal  
developments in Poland as an in-  
dication of whether the change of  
Soviet leadership has improved  
prospects for easing East-West ten-  
sions.  
Vice President George Bush,  
welcoming recent moves in Po-  
land, said Thursday that the Uni-  
ted States would respond positively  
under the Warsaw Pact terms, pre-  
sumably so British officials can de-  
termine exactly what relationship  
Canada had with him.  
He was arrested by the Canadi-  
ans in 1979 and espionage appar-  
atus was found in his home, but he  
was never tried. He was arrested in  
London when he came for a visit  
last summer.  
He has testified that he had din-  
ner with a man he believes was the  
new Soviet Communist Party lead-  
er, Yuri V. Andropov, in Moscow  
in 1975. The testimony on this and  
other aspects of the case has be-  
come increasingly entangled in  
plots and subplots, spanning from  
NATO offices in Paris to Canada,  
but not actually Britain. The main  
question to be answered when tes-  
timony resumes next week is why,  
if Canada declined to prosecute  
Mr. Hambleton, British intelli-  
gence pursued the case.

## EC Proposes Reforms To Revitalize Industry

By Axel Krause  
International Herald Tribune

OPENHAGEN — Gaston  
Thorn, president of the European  
Community Commission, offered  
Tuesday a plan to revitalize  
and unify EC high-technology  
industries, accompanied by what  
said was an "active" trade policy  
to protect their development.  
The plan, an effort to engender  
economic growth in Western Eu-  
rope and to meet intense U.S. and  
Japanese competition, was pre-  
sented to 10 EC leaders at the  
beginning of a two-day summit  
meeting. It was expected to trigger  
a possible debate among members  
on possible reservations by Chan-  
celor Helmut Kohl of West Ger-  
many, notably over its protection  
provisions.  
Time Minister Margaret  
Thatcher of Britain and France's  
Foreign Minister, Mitterrand, of  
France, were also supporting  
the plan's basic features.  
Mr. Thorn said the plan, aimed  
at revitalizing industrial produc-  
tion in Europe, would apply  
mainly, but not exclusively, to  
high-technology industries, in  
particular the aeronautical,  
electronics and telecommunications  
sectors.  
The plan, which had been sug-  
gested but not in such a compre-  
hensive manner by Etienne Davignon,  
the EC commissioner of in-  
dustry, would be accompanied by  
increased investments by the EC  
as a whole. But Mr. Thorn said, "A  
significant internal market policy,  
active in active trade policy  
tended to the outside."  
The spokesman emphasized that  
Thorn's plan primarily reflected  
the views of the EC Commission,  
the community's executive  
body, and that its success depends  
on acceptance by all members.  
Efforts to launch simi-  
lar schemes have had minimal re-  
sults. EC officials said the efforts  
have been renewed in light of de-  
clining European industries and  
increasing competition from the Uni-



Gaston Thorn

ted States and Japan, primarily in  
high technology areas.  
In the past, the EC has attempt-  
ed to promote industrial coopera-  
tion, but many large European-  
based companies have preferred  
making cooperative arrangements  
with Japanese and U.S. companies  
rather than working with Europe-  
an competitors, notably in the  
fields of automobiles and electron-  
ics.  
Mr. Thorn said the proposed ex-  
pansion could create almost a mil-  
lion new jobs by 1990.  
But he warned, "Without signifi-  
cant changes, European industry  
would become a vassal within five  
years and member states would  
lose their collective independen-  
ce."  
He did not speculate on whether  
EC leaders would endorse the  
plan, but he emphasized that the  
EC displayed solidarity in the face  
of criticism, led by the United  
States, of the Common Agricultural  
Policy at a meeting of trade min-  
isters in Geneva last week.  
Mr. Thorn and other EC leaders  
warned of growing national pro-  
tectionism, which they said was  
contributing to the worsening of  
the worldwide recession.  
Britain at the summit discus-  
sions will be emphasizing what  
a government spokesman described  
as "a slide into protectionism," but  
he indicated that Mrs. Thatcher  
might be willing to extend present  
import limitations, such as those  
affecting automobiles, to high  
technology areas.  
The purpose of such limitations,  
the British government spokesman  
emphasized, is to "preserve the  
trading system, which Britain sup-  
ports. We earn a third of our keep  
abroad and we also are a very open  
market ourselves."  
Britain strongly favors contin-  
uing EC pressure to open markets  
in Japan to Western industrial  
products, British officials said.  
"Mr. Mitterrand's approach most  
closely corresponds to the Thorn  
plan, EC diplomats and officials  
said, adding that it goes farther  
and is more detailed, notably re-

## U.S. Request for Arms Technology Expected to Be Acted On by Japan

By Tracy Dahly  
Washington Post Service

TOKYO — Prime Minister  
Yasuhiro Nakasone, in an effort to  
ease strained relations with the  
United States, will act soon on a  
long-standing U.S. request that Ja-  
pan transfer military-related tech-  
nology to the United States, gov-  
ernment officials said Friday.  
The decision could be made be-  
fore Mr. Nakasone's visit to Wash-  
ington in January, the officials  
said.  
A special session of Mr. Na-  
kasone's new cabinet Friday, key  
ministers agreed to make an early  
decision on the issue, which has  
been blocked by debate between  
government departments for 18  
months. Officials said government  
action would come "very soon,"  
after further talks among senior  
administrators to hammer out de-  
tails of a final proposal.  
A decision in the United States  
would open the way for the flow  
of Japan's electronics and other  
high-technology know-how into  
U.S. defense-related develop-  
ment. U.S. officials say they are  
determined to persuade Japan to  
shoulder a greater share of the bur-  
den for its own defense to help  
offset heavy U.S. military commit-  
ments.  
In his first speech before the  
Diet, the parliament, Mr. Na-  
kasone said Friday: "The United  
States is Japan's most important  
partner, and we are bound by  
strong ties politically, economi-  
cally and in a broad spectrum of

other fields. I would like to  
strengthen the relationship of trust  
between Japan and the United  
States."  
Defense analysts in Japan specu-  
late that Mr. Nakasone, who was  
named prime minister Nov. 26, has  
ordered his cabinet to make a deci-  
sion before his talks with President

Since senior Pentagon officials  
conveyed the U.S. request to the  
Japanese in June 1980, a decision  
has been blocked by a feud be-  
tween government departments.  
The Ministry of International  
Trade and Commerce has objected  
to the proposal on the ground that  
it would give a major economic  
rival access to Japan's advanced  
industrial technology.  
Although U.S. officials have as-  
serted that they have no specific  
items in mind, they have talked  
generally about advanced electron-  
ics, especially those for use in mi-  
litary aircraft and laser optics.  
The Foreign Ministry has en-  
dorsed the transfer arrangement,  
citing the importance of ties be-  
tween the two countries. Senior  
diplomats have argued that the  
sale of military technology to the  
U.S. would not violate Japan's  
arms export ban because the Ja-  
pan-U.S. mutual security pact, an  
international treaty, takes preced-  
ence over domestic policy.

Officials, who did not want to  
be named, suggested that a com-  
promise might be achieved  
through a provision prohibiting  
the United States from exporting  
defense technology acquired from  
the Japanese to third countries.  
Defense officials have said that  
a final agreement would cover only  
defense-related systems developed  
under government contract and  
that the transfer of commercial  
technology would be left to the  
discretion of private Japanese  
companies.  
Ronald Reagan in Washington  
Jan. 18. By long-standing policy,  
Japan now bans the export of  
weapons and related technology.  
Faced with huge government  
deficits, Japan has been reluctant  
to make the increases in military  
spending sought by Washington.  
Ties between the two countries  
have also suffered because of enor-  
mous U.S. trade deficits with Ja-  
pan. Many officials in Japan favor  
an arrangement for the transfer of  
defense-related technology to the  
United States as a means of dem-  
onstrating Japan's good faith in  
easing trade friction and expanding  
military cooperation.  
In talks with Foreign Minister  
Shintaro Abe this week, the U.S.  
ambassador, Mike Mansfield,  
urged Japan to move quickly to  
put the military technology ex-  
change on a more "reciprocal"  
footing. Under the Japan-U.S. mu-  
tual security treaty, the flow of  
such technology has been  
overwhelmingly in Japan's favor.

## U.K. Expels Soviet Attaché on Spying Charge

By Peter Osnos  
Washington Post Service

LONDON — Britain announced  
Friday that it has expelled the So-  
viet Union's naval attaché in Lon-  
don, accusing him of attempting to  
set up a spy network in the coun-  
try, an effort officials said was un-  
covered before it did any damage.  
The officer, Captain Anatoli  
Pavlovich Zotov, was apparently  
the lowest ranking Russian to be  
ordered out of Britain since 1971,  
when 105 Soviet personnel were  
ordered to leave for spying. Cap-  
tain Zotov, the British said, was a  
senior officer of the GRU, the So-  
viet Union's military intelligence  
agency. His activities, they said,  
had been monitored by a covert  
surveillance unit of Britain's own  
intelligence agency, MI-5.  
The expulsion is the latest turn  
in what has been a long pattern of  
espionage activity in Britain.  
Even as announcement of his ex-  
pulsion was being made, the trial  
of a Canadian economics profes-  
sor continued with insistent asser-  
tions by the defense that British in-  
telligence had missed the fact that  
the man, Hugh Hambleton, was  
actually a Canadian double agent,

working against the Soviets rather  
than with them.  
British officials maintained Fri-  
day that none of the recent  
espionage cases is related. They  
said, in particular, that Captain  
Zotov had not been identified by a  
recent KGB defector to Britain,  
Vladimir Kuzichkin, or Geoffrey  
Arthur Prime, the recently convicted  
Soviet spy who has promised to  
tell authorities all he knows.  
A bizarre aspect of the Zotov  
story is that it was apparently  
leaked to Britain's domestic news  
agency, the Press Association,  
Thursday night by the Russians  
themselves, who suggested the  
British were trying to divert atten-  
tion from their own celebrated in-  
telligence failures.  
Not until Friday morning was  
the expulsion confirmed by the  
Foreign Office. Official sources  
said that Captain Zotov, who  
ranked second in the embassy's  
military unit, arrived in Britain in  
January. They said he apparently  
was to set up an agent network to  
learn British military secrets. Cit-  
ing "clear evidence" of his inten-  
tions, the sources implied that  
Captain Zotov had been caught  
trying to recruit agents.

Since 1971, British policy has  
been to reduce the size of the So-  
viet Embassy every time one of its  
envoys is expelled. In the past 18  
months, two other Soviet diplo-  
mats have been ordered out, a  
trade official and a second secre-  
tary. The new strength of the So-  
viet diplomatic staff will be 45.  
Officials said they anticipated  
that British diplomats in Moscow  
would be expelled in retaliation,  
and denounced the move in ad-  
vance as unwarranted.  
If the activity on the spy front is  
all coincidental, British satisfac-  
tion over breaking an attempted  
espionage ring is not. The Prime  
case and other recent examples of  
tax security provisions on a num-  
ber of fronts have made the gov-  
ernment of Prime Minister Marg-  
aret Thatcher notably defensive  
about such matters, even though it  
is not directly responsible for  
many of them.  
One report said that Mrs.  
Thatcher herself intended to an-  
nounce the expulsion of Captain  
Zotov in Parliament as evidence of  
good British intelligence work, that  
she was preempted by the Soviet  
Union's Western-style public re-  
lations.

The Hambleton trial has been  
going on all week. The defense is  
countering prosecution conten-  
tions that the professor was a  
KGB agent for 30 years by con-  
tending that he was engaged in  
counterespionage. Mr. Hambleton  
was ordered in court Friday to  
write down the name of his Cana-  
dian intelligence contact, presuma-  
bly so British officials can de-  
termine exactly what relationship  
Canada had with him.  
He was arrested by the Canadi-  
ans in 1979 and espionage appar-  
atus was found in his home, but he  
was never tried. He was arrested in  
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NATO offices in Paris to Canada,  
but not actually Britain. The main  
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timony resumes next week is why,  
if Canada declined to prosecute  
Mr. Hambleton, British intelli-  
gence pursued the case.



Captain Anatoli Pavlovich Zotov, the Soviet naval attaché, arriving back at his home in London Friday night.

### INSIDE

Roman Catholic Church  
officials report that Pope John  
Paul II has demanded that  
Nicolaus Cardinal Jozef Gruber  
resign from the Vatican  
government as a condi-  
tion of his visit to the country  
next year.  
Page 3.  
The U.S. unemployment  
rate jumped to 10.8 percent in  
November, a new post-Depres-  
sion high. Meanwhile, the  
dollar fell to its lowest level  
since August against the  
Deutschmark.  
Page 17.  
There would seem to be lit-  
tle doubt of the outcome of  
debate in China's National  
People's Congress which has  
presented a draft constitu-  
tion that stresses stability,  
not revolution.  
Page 2.  
A special report on the situa-  
tion in the North American  
free trade area appears on  
Page 55.

## In Soviet Bloc, Troubled Economies Prompt New Market Strategies

By Paul Lewis  
New York Times Service

WARSAW — Poland's empty shop windows  
are only the extreme manifestation of the hard  
times setting in throughout Eastern Europe and  
the Soviet Union as the worldwide economic  
slowdown catches up with the centrally planned  
Communist countries, the rates of economic  
expansion are slowing and are likely to continue  
slowing, and shortages of manufactured goods  
and food are becoming more acute. The Soviet  
Union's harvest was poor again this year, and its  
new five-year economic plan projects the lowest  
growth ever for industrial output.  
Moscow's East European satellites are weighed  
down by an immense burden of foreign debt and  
can no longer hope to borrow their way out of  
trouble as they did in the past. Poland and  
Romania are, for all practical purposes, bank-  
rupt.  
In the Soviet bloc, economic troubles have  
prompted moves to expand economic freedom  
and to assign a greater role to market forces in  
determining economic decisions, especially in ag-  
riculture.

In one of his first public speeches since being  
chosen to lead the Soviet Union, Yuri V. Andropov  
seemed to take note of the experiments, call-  
ing on his nation to "take account of the experi-  
ence of fraternal countries."  
Acknowledging that the Soviet economy had  
failed to achieve its goals for the past two years,  
Mr. Andropov encouraged conjecture that he  
would introduce more pragmatic policies. A sys-  
tem of material incentives, he said, must be de-  
vised to improve the country's economic perfor-  
mance.  
"The crisis is bringing pressure for reform  
throughout the whole bloc," said Josef Soldatuk  
of the Polish Foreign Trade Institute, "but it's a  
difficult time to make changes."  
At the Hungarian Institute for the World  
Economy in Budapest, Mihaly Simai agreed.  
"Every country is experimenting with new solu-  
tions," he said. "You can't overcome these prob-  
lems with strict planning. Flexibility is needed too."  
Michael Kaser of St. Anthony's College in Ox-  
ford, England, said: "Economic change is so tied  
up with what the Soviet leadership does. A sign

from the new men in Moscow could open the  
gates in Eastern Europe."  
Prospects for the economic future of Eastern  
Europe are further complicated by President  
Ronald Reagan's attempt to impose tighter limits  
on access to Western credits and technology.  
There is anxiety that the policy could backfire,  
driving the Eastern bloc nations closer together  
and wiping out some of the political freedom that  
has accompanied the growth of East-West trade.  
In the late 1950s and 60s, the member coun-  
tries of the Council for Mutual Economic Assis-  
tance, or Comecon, as the bloc's economic organ-  
ization is called, achieved high rates of real eco-  
nomic growth, much in line with what they had  
planned. But the economic picture started to  
cloud in the 1970s, particularly in the second half  
of the decade.  
Average growth in the Comecon countries was  
6.2 percent from 1971 to 1975, or only four-  
tenths of 1 percent below the planned target, the  
United Nations Economic Commission for Euro-  
pe calculated. From 1976 to 1980, the growth  
rate slipped to 4.1 percent, although the target  
was 5.3 percent. The commission estimated

Comecon growth last year at 1.9 percent as  
against a 3.5 percent goal.  
The latest Soviet five-year plan, for 1981 to  
1985, sets an annual industrial output target of  
3.4 percent, the lowest ever. The Centrally  
Planned Economics Service of Wharton  
Economic Forecasting Associates estimates  
that Soviet growth will average about 2.6 percent  
annually until 1985, while the economies of the  
six Soviet satellites in Comecon will grow 1.9 per-  
cent on average. The six countries are Poland,  
East Germany, Czechoslovakia, Hungary,  
Romania and Bulgaria.  
Many East European countries tried to main-  
tain economic growth in the 1970s by importing  
Western technology paid for with money bor-  
rowed in the West. From 1970 to 1980, Come-  
con's collective indebtedness rose to about \$80  
billion. But the strategy failed when the slow-  
down in world trade robbed them of hope of pay-  
ing off their debts with exports to the West.  
As Poland, Romania and Hungary found  
themselves unable to repay, the Eastern bloc's  
creditworthiness came into question and its eco-  
nomic malaise deepened, with countries increas-

ingly unable to afford vital Western raw materi-  
als and industrial spare parts.  
"After making a good start, the basic economic  
objectives of the Comecon countries had all been  
jeopardized by the end of the 1970's," says Her-  
mann Clement of Munich's Osteuropa Institut.  
Orthodox Marxist economic planning is being  
increasingly questioned throughout Eastern Eu-  
rope, with even the Soviet Union much less suspi-  
cious of the economic change. The pace-maker in  
this process has been the Hungarian administra-  
tion of Janos Kadar, which has been gradually  
installing its "new economic mechanism" since  
1968.  
The Hungarian system gives companies much  
more control over what they make and how much  
they charge for it, encouraging them to secure  
supplies in the cheapest market and sell products  
for the highest price.  
Wages in Hungary vary from plant to plant,  
depending on profitability. A good deal of room  
has been created for private entrepreneurs, in-  
cluding bands of skilled workers who can sell  
their services to state-owned enterprises. Al-  
though most farm land is owned by cooperatives,  
(Continued on Page 2, Col. 5)



## Andropov, in Meeting With Arabs, Assails U.S. Plan for Middle East

**United Press International**  
MOSCOW — Yuri V. Andropov, the Soviet leader, told an Arab delegation Friday that the U.S. peace plan for the Middle East only benefited Israel and the United States, the Tass news agency said.

Mr. Andropov said the proposal made Sept. 15 by Leonid I. Brezhnev, Mr. Andropov's predecessor, was almost identical to the one adopted in early September by an Arab League summit. He reiterated the long-standing Soviet call for a comprehensive peace conference that would include the Palestine Liberation Organization.

"Such an approach creates a real possibility of wide-ranging action aimed at establishing peace in the region," Tass quoted Mr. Andropov as saying.

The new Communist Party chief made the comments in a meeting at the Kremlin with an Arab League delegation that was led by King Hussein of Jordan. Also participating were Foreign Minister Andrei A. Gromyko and Prime Minister Nikolai A. Tikhonov.

Mr. Andropov said President Ronald Reagan's Middle East plan was "aimed at splitting the Arab countries in order to impose on them decisions beneficial only to Israel and the United States, to prevent the creation of an independent Palestinian state."

Tass said the meeting was held in a "businesslike and friendly atmosphere."

The nine-member Arab group arrived in Moscow Thursday as the third stop in a series of visits to the capitals of the five permanent members of the UN Security Council. King Hussein also met with Mr. Andropov in the Kremlin late Thursday but Tass said they had only a brief exchange about the Middle East situation and concentrated on Jordanian-Soviet ties.

Among the delegates was Foreign Minister Prince Saud al Faisal of Saudi Arabia, the highest ranking Saudi ever to visit Moscow. The Soviet Union has no diplomatic relations with Riyadh.

Foreign ministers from Syria, Jordan, Tunisia, Morocco and Algeria and officials from the Palestine Liberation Organization and the Arab League also were represented.

Mr. Andropov's remarks reflected the standard Soviet position on the Middle East.

Commenting on the Arab visit, a Western diplomat said: "The Soviets have no other option but to oppose the Reagan plan, but I don't expect them to have anything new to say."

Less than two months before his death, Mr. Brezhnev also said that the Soviet version of a Middle East settlement was "not at variance" with the Arabs' eight-point plan adopted in September in Fez, Morocco.

The Arabs urged establishment of a Palestinian state and implied their recognition of Israel but did not state it.

Mr. Reagan's Middle East initiative, announced Sept. 1, calls only for "self-government by the Palestinians of the West Bank and Gaza in association with Jordan."

The president met with the group on its first stop in October. He called the session an "excellent meeting" but was unable to persuade the delegation to recognize Israel without that nation's prior withdrawal from the Arab lands taken in the 1967 Middle East war.

The Arabs also lobbied in Paris, but were turned away from London because of Britain's refusal to receive a Palestinian envoy.

The reduced delegation that met with Mr. Reagan did not include the PLO, which the United States has refused to recognize until it recognizes Israel. The Arab delegation also is scheduled to travel to China.

## China's Unrevolutionary Constitution

By Christopher S. Wren

New York Times Service

BEIJING — During a discussion at the current session of the National People's Congress, an army political commissar named Xiao Hua ventured that the elimination of the "freedom of strike" from China's new constitution was a good idea.

"Going on strike is a means used by workers against capitalists," the Chinese news agency quoted Mr. Xiao as telling his fellow delegates. "In China, where enterprises and their products are owned by the people themselves, to strike would impair the interests of the people, including the workers."

His comment reflected the kind of discourse filtering out from China's nominal parliament, which has been presented with a belated five-year plan, a new state budget and a draft constitution that stresses stability, not revolution.

Working sessions are closed to outsiders, but the official news agency paints a picture of 3,000 happy delegates enthusiastically endorsing whatever legislation the leadership sends their way.

The National People's Congress, which convenes for about two weeks a year, has its own rubber stamp in the Chinese People's Political Consultative Conference, a clique of "patriotic" united front parties that meets concurrently.

The news agency reported that the delegates of the consultative conference shared a "unanimous view" that the new constitution would inspire 1 billion Chinese to work harder for the country's prosperity.

With that kind of rhetoric, it is safe to predict that the new constitution, China's fourth since the Communist takeover in 1949, will be approved as scheduled Saturday. The draft document was promulgated for nationwide discussion last spring and seems to have undergone only minor revisions.

Like the insertion of a section stressing the independence of Chinese foreign policy.

The new constitution, which has been worked on for two years, does make some significant changes. It restores the post of state chairman, or head of state, that Mao abolished after purging his last occupant, Liu Shaoqi. It heralds the decline of Mao's grandest legacy, the people's commune, by taking away its political responsibilities. It creates a new state military commission to "lead the armed forces."

Diplomats who have already plowed through the constitution, five-year plan and budget are tempted to look behind the facade of consensus for subtler signs of political activity.

For example, will the new state central military commission replace the party's existing military commission, which China's paramount leader, Deng Xiaoping, has headed since 1978. The daily press has hinted that the two bodies might merge "for practical reasons" and that members of the party military commission could be made members of the state military commission, too.

This has given rise to speculation that Mr. Deng might head an amalgamated commission, further strengthening his grip over the 4.23-million-member armed forces. Mr. Deng has tried to carry the armed forces along with his decisions, getting the chief of staff, Yang Dezhi, to state publicly last week that the new constitution "is the best we have had since 1949."

There has been less speculation about who will become the next head of state, since Prime Minister Zhao Ziyang said earlier that a decision would not be made until later next year. Rumors floated from Taiwan that Mr. Deng himself might take the job are discounted here since Mr. Deng has said that he does not want it.

The lingering question about the constitution is whether the fundamental rights and duties it enshrines will have much effect on the lives of the Chinese. It is a pragmatic document whose preamble states that "the basic task of the nation in the years to come is to concentrate its effort on socialist modernization."

To prevent the kind of abuses that tore China apart during the Cultural Revolution, the constitution asserts that Chinese enjoy "freedom of speech, the press, assembly, association, procession and demonstration," as well as "freedom from arbitrary arrest." The first constitution in 1954 offered similar guarantees.

But none of these freedoms is allowed to encroach on the "four cardinal principles" that the regime holds inviolate: adherence to the socialist road, to the people's democratic dictatorship, to the Communist Party's leadership and to Marxism, Leninism and Mao's thought.

This leaves little scope for what the party disparages as "bourgeois liberalism." The new constitution does give greater scope for "legitimate religious activities," deleting a line on "the right to propagate atheism" from the last constitution.

The new constitution also prohibits illegal searches of homes of citizens, as happened during the Cultural Revolution, and safeguards "the freedom and privacy of correspondence." But it adds that mail may be intercepted and read "to meet the needs of state security or of investigation into criminal offenses."

The abolition of the right to strike, which was inserted in the previous 1975 constitution, may reflect unease over the Solidarity trade union movement in Poland, which Beijing does not want copied here. Instead, the constitution promotes workers' congresses, where employees can air their views under proper supervision.

## Israel Criticizes Effort By U.S. to Restrict Aid

By Edward Walsh

Washington Post Service

JERUSALEM — The Israeli government Friday sharply criticized the Reagan administration's attempt to prevent Congress from increasing aid to Israel, suggesting that U.S. concern with Arab attitudes is similar to a policy of "appeasement."

The Israeli criticism was directed at the unsuccessful effort earlier this week by President Ronald Reagan and Secretary of State George P. Shultz to prevent a Senate appropriations subcommittee from increasing the amount of aid earmarked for Israel in pending foreign assistance legislation.

On Thursday, the full Senate Appropriations Committee, by voice vote and without dissent, approved the higher levels recommended by the subcommittee. As it now stands, the legislation would provide \$910 million in economic aid to Israel this year, \$125 million more than the administration sought, and would convert \$350 million in proposed military loans to Israel into outright grants.

Total aid for Israel in the package amounts to \$2.6 billion, of which \$1.7 billion is in military grants and loans.

The Israeli criticism of the administration was first voiced Thursday night in a television interview by Foreign Minister Yitzhak Shamir and was followed by even sharper comments Friday by Deputy Foreign Minister Yehuda Ben-Meir and a third senior official who refused to be identified.

"I can only express our amazement and consternation at the position which has been taken by the administration," Mr. Ben-Meir told the state radio.

"For many years we haven't seen such an occurrence, where the administration has actively tried to prevent the Congress from voting the aid that it felt fit for Israel," he continued. "What's even more serious is that the administration is trying to relate this to political issues. The claim that more aid for Israel won't go well with the Arabs reminds me of the famous approach of appeasement."

Mr. Shamir accused the administration of "clearly violating" pledges not to link economic and military aid to Israel to political issues such as Mr. Reagan's Middle East peace initiative. "We regard this very gravely," he said.

The dispute over aid comes at a time when the two countries remain at odds over the Reagan peace plan and are showing increasing signs of strain over the continued Israeli military occupation of southern Lebanon and the inability to launch negotiations leading to a troop withdrawal.

Despite Israel's outright rejection of the president's peace initiative, the administration has promised repeatedly not to use its military and economic assistance programs to pressure Israel to be more forthcoming. At the same time, however, Mr. Reagan and Mr. Shultz argued to key senators this week that to reward Israel with an increase in aid now would undermine efforts to achieve a breakthrough on the troop withdrawal negotiations and the overall Middle East peace process.

**Hatfield Receives Letter**  
Earlier, Helen Dewar of the Washington Post reported:

Before the committee's vote Thursday, Deputy Secretary of State Kenneth M. Dam said the increased aid to Israel would leave the United States "in a very precarious position" that could jeopardize relations with other countries and "imperil the strenuous effort we are making to find a settlement in Lebanon and to make progress in the broader peace process."

In a letter to the chairman of the

## Israeli Is Charged With Espionage

United Press International

TEL AVIV — An Israeli Army reservist has been charged with passing military information to Syrian intelligence agents, court officials said Thursday.

Yitzhak Shor, 40, was arrested Nov. 3 at Ben-Gurion airport as he stepped off a flight from Rome. The arrest was kept secret until Thursday, when an indictment issued by a Tel Aviv court was made public.

The indictment charged that Mr. Shor spent 12 days in Damascus in October providing Syrian intelligence officials with information on Israeli troop positions and his own service in the military reserve.

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## Dutch Testily Await French Plan To Reduce Salt Content of Rhine

By Jason Berry

International Herald Tribune

PARIS — After years of bitter conflict with the Netherlands, France next week will formally unveil its plans for defusing an environmental controversy that has involved five nations bordering the Rhine.

On Tuesday, when the International Rhine Commission meets in The Hague, French officials will tell how they intend to substantially reduce salt discharges into the river from potassium mines near Mulhouse, an Alsatian industrial city. The French intend to pump some of the salt emissions underground and build a salt factory to process the remainder.

The salt emissions have increased steadily since the 1950s. Swept north by the river's currents, the salt filters into Dutch wetlands near the mouth of the Rhine, where it meets the North Sea. The saline buildup has harmed crops and corroded water pipes at a cost that Dutch authorities put at 40 million guilders (\$14.8 million) a year.

Tuesday is "a crucial date," said an official at the Foreign Affairs Ministry in The Hague, who declined to be identified. "Our patience is at an end."

But much more patience may be necessary. Depending on how the French enact their plan, it could have damaging repercussions on the depressed European salt market.

There is also the possibility, worrying French planners, that construction of a salt factory in Alsace, to absorb a portion of the waste load, will cause higher un-

employment in Lorraine, where salt factories are in financial trouble.

Meanwhile, Dutch lawsuits, moving through the courts in Rotterdam and Strasbourg, challenge French internal decisions and raise questions about the European Community's capability for self-regulation.

"The Dutch have a good case," conceded a senior French official, who refused to speak for attribution. "We signed the treaty. We took the money. We are late in producing results."

Under the treaty, signed in 1976 at Bonn by states bordering the Rhine, France was to pump three million tons of salt from Mines de Potasse d'Alsace back into Alsatian soil. Such injections have been used in Germany for years. The other countries — the Netherlands, West Germany, Switzerland and Luxembourg — contributed 92 million French francs (\$18 million) at 1976 exchange rates to defray French costs, and one-third of the money came from the Dutch.

The plan went nowhere, largely because the government in Paris signed the treaty without properly selling the idea to regional leaders in Alsace.

The National Assembly refused to ratify the treaty, and protests erupted at Reiningue, the Alsatian site under consideration. Opponents, led by Pierre Weissenhorn, a Grunvald deputy, feared groundwater would be polluted, and the government of Valéry Giscard d'Estaing, France's president, stalled for time.

In a rare show of diplomatic anger, the Netherlands recalled its

ambassador from France for five days, the first such move in modern French-Dutch diplomacy.

A compromise was finally reached, in November 1981 at an International Rhine Commission meeting, under which France agreed to reduce the salt discharges by one million tons a year — two million less than under the 1976 accord. Under the new formula, two-thirds of the load would be injected into the ground and the remaining 300,000 tons used in a salt works to be constructed in France.

Michel Crépeau, France's environment minister, successfully lobbied for time to produce a report, by four scientists from different countries, to determine the safety of injecting salt at Reiningue and another site, Chalmé.

Recently, results of the report began circulating in Paris, The Hague, Strasbourg and Mulhouse. The study confirms the practicality of ground injection at Chalmé.

The drilling may produce some opposition, but the weight of the new findings, which have received generally favorable treatment in the regional press, now appear to be a supporting factor.

Mr. Weissenhorn, who led the protests in the 1970s, is unmoved. He calls the injections "horrible. It will be a disaster."

## Polish Bishops Reaffirm Support for Unions

Compiled by Our Staff From Dispatches

WARSAW — Poland's Catholic bishops reaffirmed their support Friday for trade unions independent of the Communist Party in the bishops' first communiqué since the Solidarity labor movement was banned in October.

The communiqué, which followed a two-day episcopal conference presided over by Archbishop Józef Glemp, stressed the right of all the people to a voice in running the country. The communiqué repeated a church statement that the Polish people should spiritually prepare for the visit of Pope John Paul II scheduled for June.

The church's program for the coming year is one of "Christian hope," the communiqué said, adding, "Christian hope means bearing a cross. In this spirit, preparing for our meeting with the pope, we accept all the troubles of everyday life, which are so numerous and which we are overcoming with such difficulty."

It said the banning of Solidarity and other trade unions "painfully affected all of society. It is to be regretted that other means were not chosen."

The bishops quoted the pope, a staunch backer of Solidarity, who severely criticized its dissolution, as saying "trade unions are not political parties struggling for power and they should not be controlled by political parties, or have close links with them."

The communiqué made no comment on martial law but indicated that the church favors restoration of full civil rights and reconciliation between the authorities and the people.

A session of the Sejm, or parliament, on Dec. 13 is expected to lift the union ban, which was imposed on Dec. 13, 1981.

Addressing a meeting of miners Friday in the southern city of Katowice, General Wojciech Jaruzelski, the country's leader, strongly denounced the United States and its diplomats in Warsaw and said he was considering restricting bilateral relations.

The general listed a series of sanctions taken by Washington against Poland since the imposition of martial law, which he said had thwarted U.S. political designs on Poland.

General Jaruzelski detailed the mainly economic restrictions imposed by the Reagan administration, citing the behavior of U.S. diplomats in Warsaw and denounced U.S.-sponsored radio stations that beam programs into Poland.

"Hardly a day goes by that some administration official does not issue new demands, epithets and threats," General Jaruzelski said. "Wherever rich America was able to hurt a weakened Poland it already has done so."

Meanwhile, Poland's planning chief Friday told the Sejm, which is meeting to debate the 1983 budget, that the national income would rise next year for the first time since 1978.

"If we fully realize our production goals, the national income in 1983 should rise by 2 to 2.5 percent... the first year after four years of a drop in national income that there will be an increase," the head of planning, Janusz Obozdowski, said.

"I would like to underline that 1983 will be the first year of calm work in economy under conditions of modified economic reform," he said. He predicted that industrial production would rise by 4 percent, largely due to increased coal production. Prices of consumer goods, he said, would go up by not more than 9-10 percent.

Officials recently have claimed Poland has "seized a bridgehead" in reversing the country's severe economic decline and have issued ambitious production targets based on worker discipline and calm despite the banning of Solidarity and other unions.

Bulgaria and Romania are also edging down the same road as Hungary and Poland. This year Bulgaria introduced its own "new economic mechanism" that gives greater freedom to individual enterprises and relates wages to productivity.

Bulgaria's private farming system, like Hungary's, is already working well. For the moment, however, the authorities do not appear to envision opening more of industry to private ownership.

In Romania, which like Poland has a critical shortage of manufactured goods and food, President Nicolai Ceausescu has said he is not planning any economic changes. But this most maverick of East European nations has put its economy under the partial direction of the International Monetary Fund in return for a loan and is being forced to take a more market-related approach to economic planning.

East Germany, which regards itself as a showcase for what rigorous central planning can achieve, has not taken the Hungarian road. But, loaded with the second-biggest burden of hard currency debt in Comecon, after Poland, it has sought to increase industrial efficiency by organizing industry into Kombinat, groups of about 20 companies that are given more independence from the central planners and allowed to trade and compete with each other, within limits.

A recent law also requires state and cooperative farms to give more help to private farmers.

Czechoslovakia, which customarily aligns its economic policy with East Germany's, has also recently reorganized its industry into "higher production units" in an effort to increase efficiency.

Perhaps the most telling evidence of the Eastern bloc's interest in economic change is the absolute priority it is giving to righting its trade imbalance with the West and earning enough hard currency to repay its debts to the capitalist world and restore its creditworthiness.

**4 Soviet Ships Visit Havana**  
United Press International

MEXICO CITY — Four ships of the Soviet Northern Fleet docked in Havana harbor Thursday on an "official and friendly visit," the Cuban news agency Prensa Latina reported.

The ships, which arrived on Thursday, were the Soviet cruiser Moskva, the missile cruiser Udaloy, the missile cruiser Udaloy, and the missile cruiser Udaloy.

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## Rights Plan Is Approved By UNESCO

Delegates Also Concur On Role of the Press

By Henry Tanner

New York Times Service

PARIS — Delegates to a 158-nation special UNESCO conference agreed Friday to a compromise plan establishing the framework for the organization's activities: information, human and collective rights, education, culture and development in the last five years of the 1980s.

The United Nations Educational, Scientific and Cultural Organization adopted the final resolutions for 13 programs by consensus, without a vote.

In their closing statements, delegations from the industrial nation and the Third World, who have clashed frequently in debate, voiced reservations about some aspects of the plan. So did the Soviet Union, which by and large sided with the nonindustrialized nations.

Most of the ideological debate about the industrialized and nonindustrialized nations was on information and mass communications.

Third World countries complained that Western news organizations had a virtual monopoly on the gathering and dissemination of information around the world. Western delegates warned that an effort to redress the imbalance must not be at the expense of freedom of the press and the free flow of information.

The issue of individual human rights vs. collective rights, or "the rights of peoples," as they are called in UNESCO terminology, also gave rise to long and heated debate.

Western delegates obtained the deletion of a sentence that spoke of "equality" between the two types of rights. The West argued that the phrasing could be invoked by authoritarian governments wanting to abridge individual human rights in the name of collective rights.

U.S. and other Western delegates said Friday they were pleased with the outcome of the two weeks of debate. They said that they had managed to delete or change several passages that they regarded as a potential threat to press freedom.

The Western bloc's biggest achievement concerning the chapters on information and mass communications was the insertion of a passage giving the press the function of a watchdog against abuse of power.

The final version of the insert over which Soviet and Western delegates clashed vehemently eventually read: "The mass media could make an important contribution in scrutinizing all actions that might lead to abuse of power."

The phrasing was adopted after the Soviet delegate strenuously objected to a stronger version giving the press the right to scrutinize the "activities of authorities."

The texts adopted Friday are to serve as the basis for the agency's director-general, Amadou Mahtar Mbow of Senegal, to work out a precise program for the years 1980 and 1985. They would have to be ratified by UNESCO's general assembly next summer. Some of the arguments are likely to resume then.

## WORLD BRIEFS

### Socialist Cabinet in Spain Sworn In

MADRID (Reuters) — King Juan Carlos I swore in Spain's new Socialist cabinet Friday, named by Prime Minister Felipe Gonzalez. Deputy Prime Minister Alfonso Guerra was the first to pledge loyalty to the king and the 1978 democratic constitution. Then the other ministers, all but one in their 30s and 40s, in turn took the oath of office before a Bible, a crucifix and a copy of the constitution.

Mr. Gonzalez was sworn in Thursday. The 17-member cabinet is expected to convene informally Saturday and hold its first official meeting Tuesday. The reopening of the border with the British colony of Gibraltar is expected to be on the agenda for the initial session.

### Labor Party Retains Seat in Glasgow

GLASGOW (AP) — Britain's opposition Labor Party retained Glasgow's economically depressed Queen's Park district in a parliamentary by-election Thursday, but saw its majority cut back sharply.

Prime Minister Margaret Thatcher's Conservative Party, meanwhile, was pushed into third place behind the Scottish Nationalist Party, while the newly formed alliance of the Social Democratic Party and the Liberal Party came fourth in Thursday's vote. The Labor candidate, Helen McElhone, polled 8,551 votes, giving her a 5,694 majority over her nearest rival, the Scottish Nationalist Party candidate, Peter Mallan, who polled 3,157. In the general election in May 1979, Labor's majority was 9,478 and the Conservatives took second place.

The Conservative candidate, Jackson Carlaw, polled 1,888 votes, while the alliance candidate, Graham Watson got 1,487. Only 46.9 percent of the voters turned out. The election resulted from the death in September of Frank McElhone, the husband of the Labor candidate, who had represented the district since 1974.

### U.S. Panel Backs Contempt Citation

WASHINGTON (AP) — A House subcommittee is recommending that the chief of the Environmental Protection Agency, Anne M. Gorsuch, be cited for contempt of Congress for following President Ronald Reagan's orders to withhold subpoenaed information.

The House Public Works investigations subcommittee Thursday voted the contempt citation 9-2 after Mrs. Gorsuch refused to produce information on the agency's handling of lawsuits in its toxic waste cleanup program.

### For the Record

KUPARI, Yugoslavia (AP) — U.S. Secretary of Defense Caspar W. Weinberger arrived in this south Adriatic resort Friday for a 24-hour visit to Yugoslavia. He was expected to discuss military cooperation and East-West relations. Yugoslav officials said, in the first high-level U.S. visit since former Secretary of State Alexander M. Haig Jr.'s trip last year.

ISTANBUL (AP) — Martial-law authorities here have arrested seven Iranian nationals on charges of forming an underground organization swindling and carrying false passports. The Turkish news agency reported Friday. The Iranians were accused of belonging to the Mujahid Khalq organization of Iran, which is opposed to the Islamic rule of Ayatollah Ruhollah K



## Pope Said to Demand That Nicaragua Priests Resign Posts in Junta

By Marlene Simons  
New York Times Service  
MANAGUA — Pope John Paul II has demanded that Roman Catholic priests resign from positions they hold in the Nicaraguan government as a condition for his visit to Nicaragua early next year, the Vatican said.

The pope's ultimatum was personally delivered to the coordinator of the Nicaraguan junta, Daniel Ortega Saavedra, in late October by the papal nuncio in Nicaragua, Monsignor Andres Cordero Lanza di Montezemolo, the officials said.

On Nov. 11 the government announced that it had formally invited the pope to come, but the Nicaraguan government has not indicated whether it plans to replace the five priests, two of whom hold cabinet posts. Government officials said the Sandinist leaders had offered the invitation both to indicate they would welcome the pope's visit and to suggest they did not intend to yield to his demands. Attention has focused on five priests in highly visible positions:

The Rev. Miguel d'Escoto Brockman, foreign minister; the Rev. Ernesto Cardenal, minister of culture; the Rev. Edgar Parrales, Nicaragua's ambassador to the Organization of American States; the Rev. Fernando Cardenal, a leader of the official Sandinist Youth movement; and the Rev. Alvaro Arguello Hurtado, who represents the clergy on the Council of State.

Although it has not been announced officially by the Vatican, bishops in Central America have disclosed that the pope plans to visit the region in late February or early March. Asked in a telephone interview whether the pope had made the resignation of the priests a condition of his trip to Nicaragua, Msgr. Lanza di Montezemolo replied, "I'm not going to make any statement about that."

Officials in Nicaragua feel the government is facing a major problem. It does not wish this profoundly Catholic nation to be excluded from the pope's itinerary, but it is reluctant to lose the services of the priests.

The proposed papal visit has become an element of tension, both within the Catholic Church, which is deeply divided in its approach to the leftist Sandinist revolution, and between the government leadership and the conservative archbishop of Managua, Miguel Obando Bravo. The archbishop has frequently demanded the withdrawal of the priests from the government and has forbidden them to celebrate Mass.

In a letter to Nicaragua's bishops in June, the pope himself indirectly criticized the alignment of some priests with the revolution when he denounced the "people's church" as a "grave deviation."

The priests in government service are unwilling to talk about their predicament, which is being discussed with Vatican officials by their superiors. "They feel up against the wall," a close associate said.

But many other priests and nuns who participated in the 1979 insurrection that toppled the regime of President Anastasio Somoza remain identified with the social and political change being promoted by the revolution. About 200 priests act as advisers to the government and about 200 priests and nuns, many of them foreign, work with trade unions and farmers' and workers' cooperatives as well as in health and education programs among the poor.

## Pakistan Seeking To Purchase New A-Reactor in West

WASHINGTON — Pakistan has begun soliciting bids for the purchase of a new nuclear reactor from the West.

In September, Secretary of State George P. Shultz made a private appeal to the West European allies and Japan, urging all suppliers not to sell a new reactor unless Pakistan accepted international inspection of all its nuclear facilities. This it has refused to do.

Britain, the Netherlands and other countries that normally require monitoring of all nuclear facilities have agreed that nuclear exports to Pakistan should be stopped. But West Germany, Italy and France have not.

Pakistan began its attempt to acquire a new reactor with private soundings that prompted Mr. Shultz's appeal. Then formal invitations were issued Wednesday for companies to bid for the sale of a 900-megawatt reactor, with a possible second reactor later.

## U.S. House Passes Bill For Atomic-Waste Site

WASHINGTON — On the 40th anniversary of the first controlled atomic chain reaction, the House passed a bill that would lead to the creation of the country's first permanent burial site for high-level radioactive waste.

By a voice vote, the House joined the Senate — which in April passed legislation on nuclear waste — and approved a process Thursday that would culminate in the mid-1990s with the disposal underground of spent fuel.

The House action came 40 years to the day after scientists at the University of Chicago, as part of the wartime Manhattan Project, launched the nuclear age with the first sustained chain reaction.

"We have been trying for 35 years to enact a nuclear waste bill," said Representative Morris K. Udall, Democrat of Arizona, a leading supporter of the legislation. "Finally, we are on the verge of major success." But the Senate and House versions of the measure are so different that backers of the two bills generally agree the odds for reaching a compromise before Congress adjourns in two weeks are no better than 50-50.

Both the House and Senate also passed bills on nuclear waste in 1980, but that effort died in conference at the end of the session.

The major issue that prevented enactment two years ago — whether the massive radioactive waste created as a byproduct of the nuclear-weapons program should be buried together with civilian atomic waste — is not the stumbling block this time.

On Thursday, the House defeated, 281-105, an effort by Representative Edward J. Markey, Democrat of Massachusetts, to make all the provisions of the legislation equally applicable to civilian and military nuclear waste.

Mr. Markey, noting that more than 90 percent of the nuclear waste by volume to date has been generated by the government's weapons program, argued that it would not be "honored" to exclude military waste from the rules being formulated for disposal of waste from atomic power plants.

Under a compromise passed by both houses this year, the president, if he deems it necessary for national security, can stipulate that a separate repository is required for military radioactive waste.



President Ronald Reagan standing before an honor guard at the presidential palace in Brasilia.

## El Salvador Names Human Rights Commission

By Richard J. Meislin  
New York Times Service  
SAN SALVADOR — To form the government's commission on human rights in El Salvador, the provisional president, has named the director of the national police, a Roman Catholic priest, a young peasant leader, an engineer and three lawyers.

The purpose of the panel, as outlined in a multiparty pact signed in August, will be to "accomplish the complete operation of the inalienable human rights of individuals" and guarantee "physical security" for Salvadorans.

Officials and members of the new panel said Thursday that the methods by which the commission would try to fulfill that mandate had not yet been determined.

The announcement of the panel's formation came a day before Mr. Magaña was to meet in Costa Rica with President Ronald

Reagan, whose administration has been facing tough questions from members of Congress on the rights situation in El Salvador. The continuation of U.S. military aid to El Salvador depends on the administration's ability to certify that progress is being made on human rights.

But Mr. Magaña, in a ceremony installing the panel, said it would "not constitute a mere propaganda action, designed to win points in foreign public opinion and before foreign governments."

Other officials here said that the establishment of the panel had been planned since late September and that the timing was a coincidence.

Mr. Magaña also said that the government was preparing a "law of amnesty and citizen rehabilitation" for leftist guerrillas ready to lay down their arms and would name a commission on peace with in the next few days.

The ceremony installing the panel Thursday was attended by dozens of diplomats and high-ranking government officials.

The task facing the commission is enormous in this war-shattered country of five million, where lawlessness is an everyday fact of life and where, according to the U.S. ambassador, Deane R. Hinton, "perhaps as many as 30,000 Salvadorans have been murdered, not killed in battle, murdered," since 1979.

Mr. Hinton said the new panel "ought to be more balanced than the one that exists, and since it has government power behind it, it ought to be able to do more." He called the formation of the new panel a "progressive step."

The current human rights commission, which is affiliated with the Roman Catholic Church, has often sparred with the Salvadoran government over its responsibility for rights abuses here.

## New U.S.-Brazil Relationship

### A Partnership Emerges With Benefits for Both Sides

By Warren Hoge  
New York Times Service  
BRASILIA — "Brazil and the United States: Finally Partners," was the headline Thursday in Brasilia's Correio Braziliense, a newspaper that has been traditionally contentious toward American interests.

The notion that the two most populous nations in the hemisphere may have resolved major differences and struck up a new relationship has assumed a momentum that has carried it beyond the obligatory acknowledgment of fuller cooperation made during President Ronald Reagan's visit here.

Although the setting was Latin, it was one in which the common Reagan administration preoccupation with Communist insurgency had no application. The threats to stability in this part of Latin America are poverty and government bankruptcy.

The subject of Cuba did not even come up here, said Secretary of State George P. Shultz.

Mr. Reagan came courting with a discretion missing in many past U.S. advances to Brazil, and the Brazilians showed themselves less wary of the suitor from the north.

"This is the model we have wanted because it's based on mutuality," said a Brazilian diplomat. "There have been no pressures, and no linkages have been established."

Mr. Reagan, in his toast at a Foreign Ministry banquet Wednesday night hosted by President João Baptista Figueiredo, reflected that position, saying, "Friendship does not mean total agreement; instead, it suggests shared values, ideals, mutual respect and trust."

The partnership would not be emerging were there not benefits for both sides. Brazil is obtaining a critical boost from the United States in meeting the obligations its huge debt has imposed on it and is receiving a hearing for its trade complaints against the major powers. The United States is gaining a foothold for political influence and economic expansion.

Specific issues that have proved nettlesome in recent years are being submitted to bilateral working groups on the ministerial level. Among the matters are nuclear policy, science and technology, business and finance and some form of military cooperation to supplant the accord that Brazil canceled in 1977 at the low point in relations between the two countries.

An unspoken but bearded concern in the rapprochement reached here in recent days is the knowledge that a collapse of the Brazilian economy, with its nearly \$90 billion in short and long-term debt, would most likely bring the Western financial system down with it.

Two high-ranking White House aides said they believed the Brazilian aid stop to be the most important part of this presidential journey. The point was surprising, given the Reagan administration's attention to events in Central America, and served to reinforce the emphasis it was placing on its association with Brazil.

should finance their development from private rather than public sources, and that such money will become available once the world economy revives.

Definitions of what the U.S.-Brazilian partnership will become and how it will manifest itself are harder to come by than opinions of what it must not be. "We cannot be seen by other Latin countries as being your representative," a Brazilian diplomat said. "In fact, we wouldn't be even useful to you if that became the situation."

While some press commentators warned against joining anything that could be construed as "an alliance," there seemed to be little negative reaction to the prospect of closer relations. There were scattered protests against Mr. Reagan's visit in Brasilia, Rio de Janeiro and Porto Alegre, but they only attracted small crowds.

NEWS ANALYSIS

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Marty Feldman

## Marty Feldman, British Comedian, 48, Dies in Mexico

MEXICO CITY — Marty Feldman, 48, the comedian with the bulging eyes and prodigious nose, died of a heart attack in Mexico just after completing work on his latest film, it was announced Friday.

Mr. Feldman died Thursday night in his hotel room. He was also a writer and director, as well as a comedian who won acclaim in Mel Brooks' "Young Frankenstein," "High Anxiety," "Silent Movie" and "The Adventure of Sherlock Holmes' Smarter Brother."

Born in London of Polish-Russian parents, Mr. Feldman began his career in comedy in school theatricals. He left school at 15 to form his own jazz group and spent time in Paris working for a sculptor, and later as assistant to an Indian fakir.

Together with two other young men, Mr. Feldman toured Britain in 1952 and 1953 with a comedy act that became a hit when it appeared on television the next year. He eventually achieved success in his own series, "Marty."

## How the Pentagon Climbed the Cost Ladder

By Charles Mohr  
New York Times Service  
WASHINGTON — The AA Ladder and Supply Co. of Washington sells its sturdiest 10-foot aluminum ladder with hooks for \$160.

In May 1980, the air force bought 17 similar ladders for mechanics who work on F-105 fighter-bombers for \$586.34 each. They were obtained from a small business after competitive bidding.

In August 1980, the Defense Department bought 71 similar aluminum ladders for \$1,676 each. They were obtained for A-10 attack planes after several Pentagon committees agreed to a contract with the Fairchild Republic Co.

The surveys and investigations staff of the House Appropriations Committee recently cited the case of the A-10 boarding ladders as an example of how lack of competition among military contractors tends to drive up costs.

But an air force spokesman said that the \$1,676 price tag was a "negotiated-down price" from the \$1,915 first asked by Fairchild.

The A-10 ladders may seem like small change in annual military budgets totaling hundreds of billions of dollars. But the surveys staff cited the incident in a 890-page report entitled "Procurement Policies and Practices" to illustrate the difficulties encountered in

trying to carry out a number of administrative systems meant to reduce costs.

One such system is called "component breakout," and it applied directly to the A-10 ladder; or, to be more accurate, did not apply.

Many major weapons systems, including combat aircraft such as the A-10, are procured with one prime contractor through what are known as "sole source" contracts. That contractor, in turn, obtains many components from a number of vendors and subcontractors.

Defense Department officials argue that engineering and design complexities make sole-source contracts necessary for most major weapons.

But in an effort to encourage competition and reduce operating costs, the department has, in principle, embraced the idea of seeking bids in purchasing some replacement and spare-part components, by a process known as "breaking them out" from purchases made solely from the original prime contractor.

The House committee report notes, however, that before the department can call for bids for some highly complex parts or components, it must first obtain technical engineering data from the original prime contractor so it can solicit the bids on a sound engineering basis.

The report adds that "the expense of procuring technical data from contractors, plus the reluctance of the procurement officer to initiate such action, has deterred Department of

Defense's component breakout program and hindered competitive procurement."

In the case of the A-10 ladder, the air force's Air Logistics Center in San Antonio, Texas, which is responsible for the purchase of such equipment, has twice obtained ladders on a "sole source" basis from Fairchild in the belief that the Defense Department did not have the needed engineering data to permit purchase from other sources.

In fact, the surveys and investigation staff learned, the data and unlimited rights to use it had been purchased from Fairchild in 1975 and were lying in a Pentagon file.

The committee staff report said that technicians at San Antonio had compared the \$586.34 ladders used for mechanical work on F-105 aircraft with the A-10 ladders and found "there was very little difference in the ladders and that manufacturing costs should be about the same."

An air force spokesman said, however, that the \$1,676 price on the A-10 ladder probably resulted from the relatively small size of the lot, 71 ladders, and from the need to conduct safety tests on them. He was unable to explain how the even smaller lot of 17 ladders for the F-105s was obtained three months earlier at a cost of only \$586.34 per ladder.

Howard Coss, the manager of the AA Ladder Co., said, "I can't see why any aluminum ladder should cost even \$600."

resident was near death when he was moved into the operating room late Wednesday for the seven-hour operation.

Hours later, he was moving around on his bed, nodding his head in answer to questions, asking for a drink of water by writing the letters "H" and "O" on a nurse's hand, and writing jokes.

Mr. Clark, who was reported in "critical but stable condition," was watched around the clock by two nurses and by a technical expert on the external air compressor that drives his polyurethane heart.

Dr. William DeVries, the chief surgeon, said Mr. Clark was making such progress that he would take him off the respirator later Friday if the improvement continues.

"It's not over yet," Dr. DeVries cautioned. "This is just the beginning. We are at the start of a very long project."

Helen Kee, the hospital's nursing director, said that after Mr. Clark is removed from the respirator, "We'll move to reintroduce him to food and then to make him ambulatory."

His movements would be restrained, however, by two six-foot air hoses connecting his plastic heart to the shopping-cart-sized air compressor that keeps it pumping 118 times a minute. Mr. Clark would remain tethered to the console after leaving the hospital.

## Artificial-Heart Patient's Condition Improves

SALT LAKE CITY, Utah — A retired dentist passed the first 24-hour mark with the world's first permanent artificial heart in his chest Friday and was improving steadily. The chief surgeon

warned, however, that there were still "a million things to worry about."

Barney B. Clark, 61, slept on and off Thursday night and doctors expected to be able to take him off a respirator late Friday.

"It was an uneventful, calm night," said a representative of the

University of Utah Medical Center, Anne Briller.

Mr. Clark told nurses his chest hurt, but the hospital representative said the discomfort was normal after open-chest surgery. His color, she said, was good and his blood pressure remained stable.

The Des Moines, Washington,

resident was near death when he was moved into the operating room late Wednesday for the seven-hour operation.

Hours later, he was moving around on his bed, nodding his head in answer to questions, asking for a drink of water by writing the letters "H" and "O" on a nurse's hand, and writing jokes.

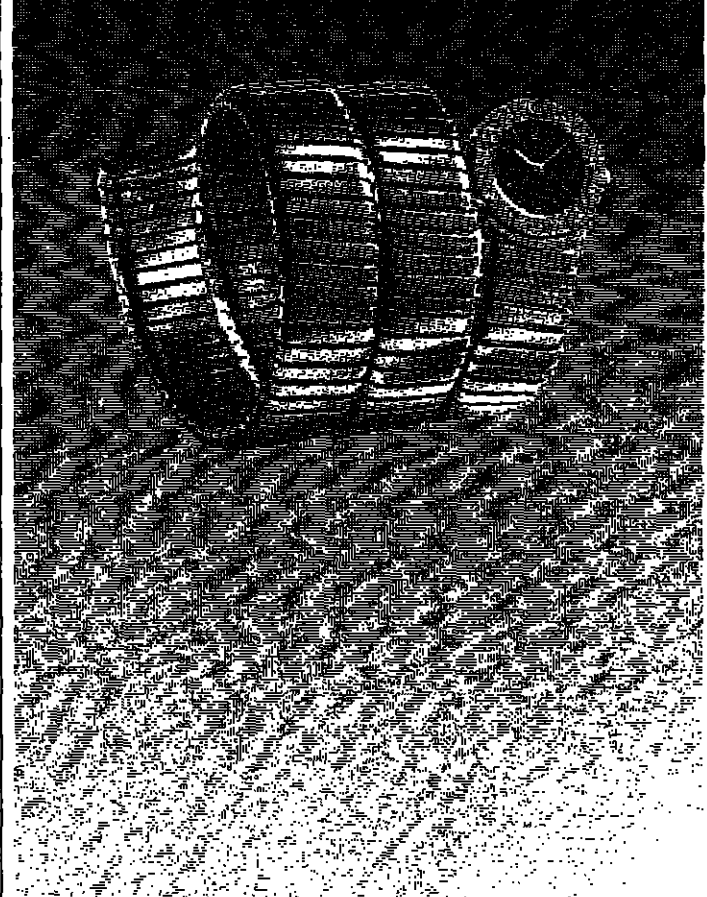
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BVLGARI  
ROMA: 10 VIA DEI CONDOTTI  
NEW YORK: HOTEL PIERRE  
GENEVE: 86 RUE DU RHONE  
MONTE CARLO: AVENUE DES BEAUX-ARTS  
PARIS: HOTEL PLAZA-ATHENEE



Missiles fell off the flatbed truck after it hit a telephone pole near Los Banos, California.

## Truck Carrying Missiles Crashes in U.S.

LOS BANOS, California — A truck carrying 18 nonnuclear naval missiles in containers ran off a highway Thursday, knocked over a utility pole and rolled onto its side.

One stack of nine missiles broke loose and fell to the ground. The chains on the other stack of containers held them on the truck's bed. The surface-to-air missiles are 14 feet long.

More than 200 people within a four-mile radius evacuated their homes, farms and a school as military crews checked the missiles and placed them on trucks for delivery to the Concord, California, Naval Weapons Station.

The driver of the truck was given a blood test to find out if he had been drinking, the police said, but the results of the test were not available. The driver,

Gary W. Wade, 23, of Ashdown, Arkansas, was hospitalized with minor injuries.

A Navy spokesman said the missiles were in a "safe position" with their switches blocked to prevent explosion. The missiles all remained inside their metal containers.

The missiles had been taken off the cruiser Gridley at Seal Beach, California, for inspection and maintenance.

## Romanian Trade Aide Defects in Los Angeles

By Evan Maxwell  
Los Angeles Times Service  
LOS ANGELES — The top Romanian trade diplomat in North America defected to the United States in July and is reportedly hiding in the West Coast.

Napoleon Fodor, who headed his nation's trade delegation for 11 years, is being debriefed by agents of the Federal Bureau of Investigation and other security officials about economic, technological and political intelligence-gathering by East bloc diplomats, according to several federal sources.

Mr. Fodor's attorney, Patrick Hillings, acknowledged that his client was undergoing debriefings by government agents but refused to disclose the nature of the discussions.

Mr. Hillings said Mr. Fodor's defection, which the attorney said was for personal reasons, had been kept secret out of fear of reprisals against the diplomat's wife and college-aged son, who are still in Romania.

Intelligence and FBI officials refuse to discuss publicly the potential value of Mr. Fodor's disclosures. Several sources said that the Romanian government has been particularly interested in data and equipment used in petroleum exploration.

Romania is the second-largest oil producer in the Eastern bloc after the Soviet Union, and both countries have been interested in obtaining oil technology since it was placed under stricter controls by the U.S. government in 1978. The controls have been reinforced in recent years.

Federal sources familiar with the defection said that Mr. Fodor may not be an intelligence operative himself.

However, in his position as Romania's chief economic representative in the United States, Mr. Fodor is believed to have obtained a great deal of information about other members of the large Romanian trade delegation.

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# Herald Tribune

Published With The New York Times and The Washington Post

## Kennedy Withdraws...

During the tormented 1968 Democratic convention in Chicago, betrayed Robert Kennedy staff members huddled in a pipe-and-drape booth on the mezzanine waiting for a sign that Edward Kennedy would make a dramatic bid for the presidential nomination. The signal never came.

Early in 1969, Democrats around the country opened their mail and found a pale green button marked "EMK 1972." That effort to draft the Massachusetts senator failed; he did not run.

In September 1974, Senator Kennedy announced his "firm, final and unconditional" decision not to run in 1976, prompting us to write that, "While he was still a potential candidate, all of the other hopefuls languished tentatively in his shadow. Now, the race for the nomination... can fairly begin."

Three times in four campaigns Edward Kennedy has not been a candidate, and now the front-running Democrat has again removed his shadow. It is an early and forthright decision for which he deserves credit both as a parent and a politician.

But removing a shadow hardly means eclipse. Whether or not he ever becomes president, Senator Kennedy is likely to loom as large over the next four presidential campaigns as over the last five. He is only 50, after all; in the year 2000, he will be a year younger than Ronald Reagan was in 1980.

Though the senator explained his withdrawal in personal terms, there is a ready — and faulty — temptation to attribute it to the bankruptcy of liberalism. The error lies in applying static analysis to politics, fluid almost by definition.

What if unemployment, now at 10.8 percent, should rise in a month or in a year to 11 percent or more? Society would instantly reinvent liberalism, with candidates to match. Even at the 10.4-percent rate of October, Congress and the administration began rushing to create jobs.

It is not ideology that is missing from presidential politics, not with Ronald Reagan in the White House. On the contrary, even neo-liberals, as Charles Peters wrote in *The Washington Post* in September, "have come to distrust all automatic responses, liberal or conservative." What is missing is competence, intelligence and practical responses.

President Reagan keeps saying that Topic A is getting government out of people's lives. No, sir. Now, as in 1980, it is good economic management. Senator Kennedy's withdrawal removes a center of liberal magnetism, but he has stimulated little managerial confidence.

Who can create it? Among Republicans, perhaps Senator Robert Dole, skilled at practicing political economics on issues like taxes and Social Security. Among Democrats, now out of the Kennedy shadow, it is too early to judge.

—THE NEW YORK TIMES

## ...And Others Move In

There is no reason to doubt Senator Edward Kennedy when he says that personal reasons produced his decision not to run for president in 1984. And his party should thank him for announcing his decision so early. The senator's all-but-Shermanesque statement allows his party and its other candidates the time they need to raise issues and seek support. We think we hear a widespread sigh of relief, and not just from those who dislike Senator Kennedy or his ideas.

The political case for the senator's candidacy, as Mr. Kennedy said, was still a strong one, though not perhaps as strong as he thinks. Mr. Kennedy was just re-elected to the Senate with 61 percent of the vote in Massachusetts — a large percentage, but one that is lower than 11 other Democratic senators got in their states this year. He is associated with the idea of expanding the size and scope of government. But, despite the recession and 10.8-percent unemployment, such policies seem to have little following.

House Democrats this week went so far as to call for a \$5-billion jobs bill. But Senator Kennedy, campaigning in the less depressed and more inflationary America of 1980, called for a \$12-billion jobs bill, as well as national health insurance and wage and price controls. You do not hear much about these policies anymore.

Where does the senator's withdrawal leave the Democrats? There are about as many theories as there are potential candidates. You can hear people buzzing on the street that former Vice President Walter Mondale or Senator John Glenn or someone else is the chief beneficiary. But who knows? The fact is that none of the possible candidates is known, in depth and in detail, by the voters. None is likely to offer exactly Mr. Kennedy's platform, and certainly none can duplicate his personal appeal. He takes a lot of excitement — dare we say it? — and charisma with him. But he does not leave an empty field. Mr. Kennedy's vote in 1980 was disproportionately northeastern and black; but the major Democrats do not seem to differ on civil rights, and none claims a panacea for the economic problems of the older industrial states.

The other candidates are busy staking out positions on issues of importance in the 1980s — trade relations, nuclear nonproliferation, economic production. Now their contest will continue without the special effect of the Kennedy presence or prospect. For them, it is a mixed blessing. They are free of the challenge — but also will now be subjected to a newly serious and critical scrutiny as men who might just make it. The Kennedy alternative is gone.

—THE WASHINGTON POST

## Other Editorial Opinion

### No Unity in the OAU

Another attempt, another failure. A meeting of the heads of state of the Organization of African Unity is impossible. It is a fundamental fact: African unity does not exist. And the word "organization" is little more than an ironic shadow. Some of the immediate reasons are known: It is known that [Mouammar] Qadhafi is a person marked not only by open hostility from the United States, but also by the reserves of the African countries, who see in him a dangerous adventurer, an investor in sedition, a destabilizer; not to mention the simplistic accusation that he is a Soviet agent. And between these nations is Chad, under direct threat from Libya. The Saharan problem is also known — the equivalent of the Palestinian problem, only in Western Africa — and all the interwoven problems it creates: the hostility of a U.S.-backed Morocco, the desire of Algeria to wash its hands of the problem without antagonizing Libya. And there is the Ethiopia-Eritrea-Somalia problem; and the problem of Angola and its neighbors; and the coups; and the Cuban intervention; and the Chinese, and the eternal hand of the United States. And French diplomacy. And...

—El Pais (Madrid).

### The Gibraltar Question

[Spain's] reopening of the frontier with Gibraltar means a gift to the British Empire and a success for Mrs. Thatcher, a generous contribution to the British Treasury, and unilateral renunciation of one of the few negotiating cards with which to deal with an iniquitous act of colonialism.

—ABC (Madrid).

### Franco's Shadow Fades

Once again Spain is to be congratulated on her success in dismantling Franco's dictatorship and managing an orderly transition to genuine democracy. Democracy has been

functioning in Spain since the first elections were held in 1977, but the ultimate test of any democracy is the transfer of power by popular vote from one group to its opponents.

—The Times (London).

### A Price From Brazil

At last week's GATT meeting in Geneva, the U.S. delegation was openly using its financial muscle to extract a price for helping Brazil and other countries like Mexico and Argentina out of their mess of debt. The payoff has come during Mr. Reagan's visit to Brazil this week. On the day the U.S. announced a \$1.2-billion loan to help Brazil out, the president was demanding that his hosts should abandon the independent foreign policy so carefully worked out over the past decade, and align themselves with Washington on all fundamental world issues.

—The Guardian (London).

### Backing a Free Press

Supporters of a free press everywhere can rejoice in the fact that Secretary-General Javier Pérez de Cuéllar is fighting back at those in the United Nations who do not understand the meaning of a free press. He has pressured UN officials to free a report that compares the Western press unfavorably with the press of the Soviet Union and its allies.

Information chiefs of the United Nations and affiliated agencies charged journalists in the West with distorting the news by leveling criticisms at the UN "made on the basis of confused and inaccurate use of facts." On the other hand, the report says, the press in the Soviet Union and other socialist countries show "continuing support for UN efforts directed toward international cooperation."

In other words, a press that supports the United Nations is doing right, whereas a press that registers criticisms is slanting the news. Mr. Pérez de Cuéllar minced no words in saying these remarks were "unfortunate and ill-considered."

—The Boston Herald American.

## DEC. 4: FROM OUR PAGES 75 AND 50 YEARS AGO

### 1907: Major Fitzgerald's Gun

LONDON — A machine gun said to be superior to the Maxim gun in every respect is attracting attention. It is the invention of Major Fitzgerald, a retired British officer, who claims it is worth £250,000. The British War Office had the first offer of it, but intimated, according to the Evening Standard, that it would not see its way to give more than £40,000 for it. This sum being inadequate in Major Fitzgerald's opinion, he refused it and is now in negotiation with other governments. An offer of £90,000 has come from the Russian government and a bid is expected to be received from the American government. A representative of the Japanese government will shortly examine the gun.

### 1932: Von Hindenburg's Game

PARIS — Today's editorial in the Herald reads: "That President von Hindenburg is not ready to make any surrender to majoritarian democracy is indicated by his offer of the chancellorship again to Colonel von Papen and then to General von Schleicher, who has accepted. The von Papen resignation never seemed to be anything more than a way of showing up before the nation the weakness of Herr Hitler, and it has been eminently successful. The von Schleicher appointment seems to show, as did the president's recent interview with Herr Hitler, that in the president's mind Germany's young and faltering democratic tradition has outlived its usefulness. He is evidently tired of make-believe."

## What Makes Britain So Ripe for Espionage?

By John Grimond

LONDON — A professor is accused of espionage in one trial; a diplomat admits passing secrets in another; a soldier in the intelligence corps is charged with improperly carrying out his duties. Were these the incidents of a typical evening's programs on British television?

Actually, these events took place Monday — and all of them were quite real. Readers can be forgiven their skepticism. After all, accounts of espionage in Britain seem to appear as often as John Le Carré's thrillers. Because scandals are hushed up, because officials are secretive and details do not always emerge from trials, fact often is hard to disentangle from fiction. When it does emerge, the real thing often is stranger than the imaginary.

Three years ago, the British public was electrified to learn that the man it thought of as a courtier and aesthete, Sir Anthony Blunt, the Keeper of the Queen's Pictures, had for years been a Soviet spy.

Monday's incidents simply increased the pervasive feeling of unease about Britain's security arrangements. The Canadian professor who was accused Monday of espionage, Hugh Hambleton, has pleaded not guilty, saying he was employed by Canadian and French intelligence the whole time he was working as an economist for NATO. But the prosecution says he was in the pay of the KGB and even had dinner with the man who was then its boss, Yuri Andropov.

The diplomat who made the admission Monday was a young first secretary in the British Embassy in Tel Aviv who passed fairly important documents to her lover, a diplomat in the Egyptian Embassy; the attorney general said she had been "more foolish than wicked." The soldier in the intelligence corps, whose case had been linked to the Falklands campaign, had access only to low-key information. So it was said.

All this follows the dramatic trial only a month ago of Geoffrey Prime, who had been a Soviet agent for 14 years. Mr. Prime had been employed as a translator in the government communications headquarters in Cheltenham, where, in collaboration with the U.S. National Security Agency, the British intercept and analyze the myriad messages carried on the world's airwaves. Since he pleaded guilty, little emerged from his trial about the exact nature of his espionage.

Mr. Prime seems to have been as important to the Russians as the British diplomats Guy Burgess and Donald Maclean (who defected to the Soviet Union in 1951). Kim Philby (who headed for Moscow in 1963 and is now a KGB general) and Sir Anthony Blunt (who, given immunity from prosecution after a confession, now lives in disgrace in London).

Almost as alarming as the extent of Mr. Prime's espionage was the way it was discovered. It came to light only after his wife went to the police and after he had been charged in connection with a number of sexual assaults. This element of kinkiness in the best traditions of Britain's Soviet agents. The difference in Mr. Prime's case was that he was heterosexual — he kept a card index of 2,287 young girls who were his potential victims — whereas several of his predecessors were homosexual.

What is the world to make of all this? Do the British produce more spies than other nations? Or is it just that more get caught? Are the British unusually quixotic? Or in-

correctly perceptive? Is spying especially hard to contain in a free society, and even harder in a culture where it is considered bad form at a dinner party merely to ask someone what his job is?

Does a nation that is crisscrossed with ties of class-consciousness and snobbery give rise to individuals with particularly bitter feelings of resentment and exclusion?

Are the utopian energies of idealism more likely to be channeled into communism in a deeply conservative political culture, such as Britain's, than in a less ossified one, such as America's?

Such thoughts can only be raised as questions. Whatever their merits, they offer inadequate explanations. One thing is certain, however. It is that Britain's secret services are thoroughly ineffective at preventing their own penetration. They are responsible to the public only through two ministers besides the prime minister (MI-6, which spies for Britain, reports to the foreign secretary; MI-5, which with the police carries out counterespionage,

reports to the home secretary). There is also an independent security commission that advises the prime minister, apparently, without great success.

Whether anything will change is questionable. The civil servants, who in effect control the security services, are intensely hostile to greater public or parliamentary scrutiny. British government in general is conducted with a degree of secrecy that Americans would not tolerate.

Officials are so busy ensuring that the press and Parliament and nosy members of the public do not get access to innocuous pieces of information that they fail to keep their own houses in order.

About 68,000 government officials are supposed to have been "positively vetted" — that is, cleared for character defects, sinister political sympathies and ties to hostile countries, so that they may carry out sensitive work. Geoffrey Prime was one of them. No one knows how many more there may be yet to be discovered.

The writer is assistant editor of *The Economist*.



## The Biggest Threat to the West Is Economic War

By Flora Lewis

LONDON — Mounting protectionism and the failing efforts to keep international trade lines open are adding to effects of the world crisis. It is, of course, a reaction to unemployment but it is one that will impede recovery.

Politicians who give in to the pressures for protection against foreign trade usually claim that the measures are temporary. When better times come, they assume, it will be easier to move back in the direction of free trade and adjusting once again to competition.

Meanwhile, they hope to keep their constituents a jump ahead of neighbors by staking out an enclosed market here or there. These are shenanigans every trading country is playing now, and they are going on as if trade were a tough poker game but still all among friends.

The same politicians and governments talk about common values and historical ties and mutual security quite separately. But these issues are linked. There is no way that the United States and its Atlantic and Pacific allies can pursue general economic war among themselves and maintain any effective unity against their political and military adversaries.

It is time to see that the strength of the West is threatened at least as much and probably more by growing economic conflict than by Soviet might or machinations.

Western institutions are organized

in such a way that defense, trade and finance are discussed in different forums. The habit grew of supposing that rough quarrels on one issue could be insulated from the other exchanges among allies. This is particularly true now in Washington and in Paris, where some officials reserve the right to indulge in heavy cross-fire — usually for domestic political purposes — but throw up their hands in horror at the charge of undermining the West.

The rule of thumb in Washington is that contentious points — on currency, or trade, or defense — have to be picked apart and handled separately or nothing will be settled. It is not a bad theory if there is a context of cooperation. In present circumstances, each little spat makes the climate worse and the partners more suspicious and irritable.

French officials say earnestly that no country is more worried about the danger of the United States diluting its commitment to the defense of Europe than they are. They do not even notice the paradox in refusing to let President Ronald Reagan back away gracefully from his clumsy pipeline sanctions by agreeing to study guidelines for East-West trade.

Senator Ted Stevens, a Republican from Alaska, calls for reducing the number of U.S. troops in Europe on the ground that it will improve rela-

tions by cutting U.S. costs. The Pentagon argues that ordinary trade is helping the Soviet military because Western commercial technology has gotten so far ahead, and therefore Western military men should oversee nonmilitary contracts.

The point is not any longer who is right or wrong on the long series of quarrels that are dividing the West. There are enough grounds for blame and bungle to spread around. The sucking fact is that all the players are so busy pointing their fingers that no one in authority is raising the level to that of common concerns.

It is taken for granted among experts now that there must be no tinkering with the NATO treaty, the base of the alliance, even if some improvements would be useful. They say chances are that member parliaments would not ratify it again. This is a damning admission.

Why? The evident reason is not that security is so good the alliance is no longer necessary, nor that the allies no longer share the same fears. It is that they have allowed themselves to bog down in such carping and sour pickering that they cannot see how to turn around and raise public support for their joint engagement.

The sorry fact is that Moscow could not have created this lamentable rivalry in the West with all its gold and all its tricks. It can benefit

as long as Western statesmen choose to posture and put each other down so as to look like a champion for a moment on the home front.

And as the distressing Versailles summit meeting showed, the West's leaders are unable to restore the sense of acting together by assembling on a single stage — because their prime aim is to upstage each other. It is normal, a European official said recently, that in times of stress, politicians try to mobilize their own people. But if it is normal for allies to mobilize passions and resentments against each other, then they cannot expect much alliance solidarity.

Defense ministers of the North Atlantic Treaty Organization met this week, and the foreign ministers will meet next week. No doubt they will manage to agree that Western security needs buttressing. Then they will return to their capitals where the big issue is how to get a jump ahead of their partners.

The economy, not MX or Euromissiles nor even Poland or Afghanistan, is now the core question of Western security. Nothing else will be resolved without recognition that the economic crisis is global. It is possible to imagine a rousing call for a joint effort to begin recovery and promote trade in full awareness that we are all in the same boat and can only move together. It is possible to imagine, but will anyone do it?

The New York Times

## GATT's Peace-Keeping Effort Drew the Battle Lines

By Hobart Rowen

WASHINGTON — It is difficult to overstate the degree to which last week's meeting of trade ministers in Geneva was a bust, even if all the participants at the General Agreement on Tariffs and Trade are putting the best face possible on it.

The GATT result is a bitter defeat for the devotees of an open trading system, and for the Reagan administration, which initiated the call for the first ministerial session in nine years. The White House hoped to lay the foundation for a new round of global negotiations during the 1980s, and to extend the GATT rules to trade involving services (such as insurance and banking, where Americans do well), investment, and high technology.

But this required cooperation by the European Community, which under the pressures of near-depression has turned increasingly inward; and of the Third World nations, suspicious of the American initiative and more comfortable working within the more sympathetic superstructure of the United Nations, rather than the GATT bureaucracy.

In addition, tensions had grown during the past year between the Reagan administration and Europe. At issue are macroeconomic policy (Europe did not like the high-interest-rate result of Reaganomics) and the ill-conceived U.S. sanctions against companies making deliveries for the Soviet gas pipeline.

This combination worked against success in Geneva. Bitterly, Europeans have been saying that the Reagan crowd takes free-trade, but practices protectionism. The Europeans cite American quotas on Japanese autos, textiles, and most recently, steel. There also has been a touchy debate between the United States and

Canada on which country has been the most protectionist.

So the conferees could not even agree on a "safeguard" code to contain the protectionist actions they can legally take to protect hard-pressed industries like steel and autos.

Then there was the question of agricultural subsidies. Heavy benefits are paid by the Common Market countries as part of their overall agricultural program. Led by the French, they refused to be budged on this issue. The wily-washy language in a final communiqué establishing a committee to study the subsidy problem has nothing specific on the critical question of export subsidies. Even so, the Europeans noted, the study involves no commitment to do anything about agricultural subsidies.

"Nothing can be done without the community and, for that reason,

nothing will be done against her," concluded Tran Van Thinh, Vietnamese-born resident commissioner for the community in Geneva.

But if Congress does not see more progress, wanted the U.S. trade representative, William Brock, "there will be a very large clamor for more direct intervention by the United States government in the market."

For the failure at Geneva, the Americans will blame the Common Market refusal to open the question of agricultural subsidies. And the Europeans will blame the United States for asking the impossible at a time of economic recession that they lay largely at the door of the Americans.

Perhaps the chief victims at Geneva — and they themselves are largely to blame — are the developing na-

tions. They resisted the American initiative to expand the GATT to world trade in services, such as telecommunications, banking and insurance. The Third World countries, led at Geneva by India and Brazil, in effect asked: What's in it for us?

They fear that the United States and other First World countries would gain even greater power in these sectors in their countries.

But many of these Third World countries have developed to the point of industrial proficiency. In many cases, they are not only successful competitors in world markets, but have thrown up their own protectionist barriers — as South Korea has done in the case of high technology.

The unhappy truth is that every body has been guilty of protectionism. As a result of what GATT failed to accomplish, protectionism will now get worse instead of better.

The Washington Post

## LETTERS TO THE EDITOR

### Brezhnev's Rise

Regarding "Brezhnev: Talents Well-Suited to the Emergence of a Superpower" (11/17, Nov. 12): As a former correspondent in Moscow, and author of two books about the Soviet police system, I read with deep interest your page on Leonid Brezhnev's political career. The story, however, omits an important detail: Brezhnev, contrary to what Peter Osnos wrote, was the mastermind of the coup that ousted Nikita Khrushchev in 1964. There were two factions fighting to succeed Khrushchev: the so-called neo-Stalinist group led by the former KGB chief, Shchelpin, and the tech-

nocrats' group led by Brezhnev and Kosygin. The active role played by Brezhnev is well-known.

ILARIO FIORE  
Radiotelevisione Italiana,  
Beijing.

### Moscow's Intentions

E. Field Horne's assertion (Letters, Nov. 17) that NATO's plans to deploy Pershing-2 missiles in West Germany in 1983-84 are "basically the mirror image of what the United States found totally unacceptable in Cuba in 1962" overlooks the fact that the Soviet Union has already deployed its SS-series missiles through-

out Eastern Europe. These missiles can destroy West European cities.

To anyone who says the Russians would not use their missiles aggressively, I would invite him to visit Afghanistan, as I have, to see first-hand how Soviet troops have invaded that country, and how they continue to raze villages and murder innocent civilians.

To feel sorry for the Russians, after they viciously invaded Czechoslovakia and Afghanistan, would be laughable if it did not have such serious implications for the security of Western Europe.

HEINZ MAIER  
Düsseldorf.

## Yugoslavia In Quest of An Identity

By William Pfaff

ZAGREB, Yugoslavia — Tito once said that he led a country with two alphabets, speaking three languages, professing (or not professing) four religions, made up of five nationalities (Serbs, Croats, Slovenians, Macedonians and Montenegrins) in six republics, including two "autonomous regions," the whole of it bordering seven foreign countries.

That actually put it too curdly. He should have added Hungarians, Turks, Romanians, Bulgarians, Germans and Albanians as national minorities, each with their own languages, not to speak of the surviving Thracians and Illyrians, original inhabitants of the country, now called Arumines. He could also have noted that Greeks, known as workers, Bulgarians, Vietnamese, Hapsburgs, Austrians, Ottoman Turks — and Bolshevik Russians — are some of those who have taken a hand in Yugoslavia's affairs, past or present.

Tito held it all together, until his death in 1980. Many people feared, then, that the country, without Tito, would fly apart. It has not. What it has been compelled to do is to face the unresolved issues that Tito's long domination had permitted Yugoslavs to avoid.

Tito imposed not a solution, but stasis, upon the problems of this multiplicity of people and traditions coexisting on a hard terrain. Tito's argument was simply that of survival. The South Slavs could survive if they stood together, much as they might hate one another. The past had to be buried. But another way, what had to be remembered from the past was what it had cost them to have done what they had done to one another.

There was a political as well as an economic model for Tito and the Yugoslavs in 1944 and 1945, when the republic was proclaimed and they were naive. It was the model of the Soviet Union. They rejected that model after 1949, when Stalin turned against Tito — a long-time Comintern operative — because of his resistance to see Yugoslavia turned into a Soviet satellite.

Tito and his colleagues drew an awkward line. The country remained a party dictatorship, but they looked for a different model of society that could make practical sense to them. They found it in a federated Yugoslavia, in which the republics have major powers (powers that have grown over the years, perhaps too much for the economic good of the country), which acknowledges the mutual dependence of the nationalities, and practices a nonaligning foreign policy.

Very well. But Tito is gone. The balance of power between republics and Belgrade is newly uncertain. Formally, the leadership of the central government rotates among representatives of the republics. Actually, it remains with the party, the Yugoslav League of Communists, itself a decentralized body in which no dominating figure or group has emerged. It is questionable whether some of the power that has gone to the republics could be reclaimed by Belgrade without a major crisis.

The eventual form of the economy is also unsure. Under Tito a famous decentralization of economic decision-making, known as worker self-management, took place. More than 80 percent of gross national production is under "social ownership." In theory, self-management responds to market forces. In practice, until now, risk has been socialized and the discipline of the market accordingly blunted. That is now changing (or is supposed to change) because Yugoslavia is in serious economic trouble. It has been living considerably beyond its means, and foreign banks no longer want to make loans.

The Yugoslav response has been decided. Rather than ask a rescheduling of its debts, the government has put severe controls on imports, the domestic deficit, foreign travel, and declares that it will meet its obligations. The next few years will be the worst. Some \$5 billion is owed in interest alone in each of the next three years. Belgrade says it can pay. Some foreign observers doubt it. But the determination to try, and the fact that there seems to be popular support for the government's decision, is of importance.

The economy is in flux. The Soviet model rejected, the West's liberal capitalist model is also unacceptable. What the Yugoslavs have improvised between the two is unsatisfactory too. This city, capital of Croatia, is shabbier than East Berlin, its shops impoverished, streets dirty, graffiti covering the walls, nothing kept up. Zagreb, however, is not typical. Other cities are bright, well-kept, vivacious. Other shops are full. Yet Zagreb, traditionally, has been the commercial capital, and ought to be prosperous.

The Yugoslavs are searching for what to do. A national commission, under a former president of the national executive (in effect, the president), Sergei Kraigher, has been consulting virtually every economist of consequence in the country, as well as officials on economic reform. His report is expected at the start of next year. Signs are that it will propose further moves toward a market-style economy.

But decisions come glacially. Because power has been delegated, Yugoslavia's is a cumbersome system that seeks consensus.

Half-liberal, half-command as an economy; half-devolved in power, nominally democratic but with actual power retained by the party and police, Yugoslavia looks for what it should become. The crucial danger to the country does not come from the outside. It does not, one thinks, come from the risk of disintegration, however difficult unity may be (and in the case of the Albanian minority in Kosovo it is very difficult). The Yugoslavs simply are a long way from finding what they are to make of their country. When Tito was alive they did not have to think about that. Now it is up to them.

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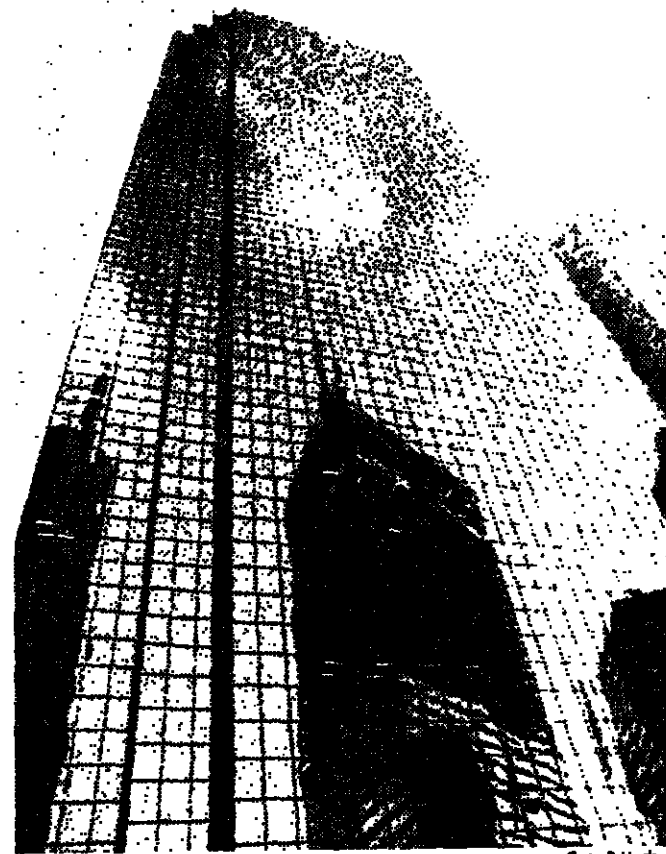
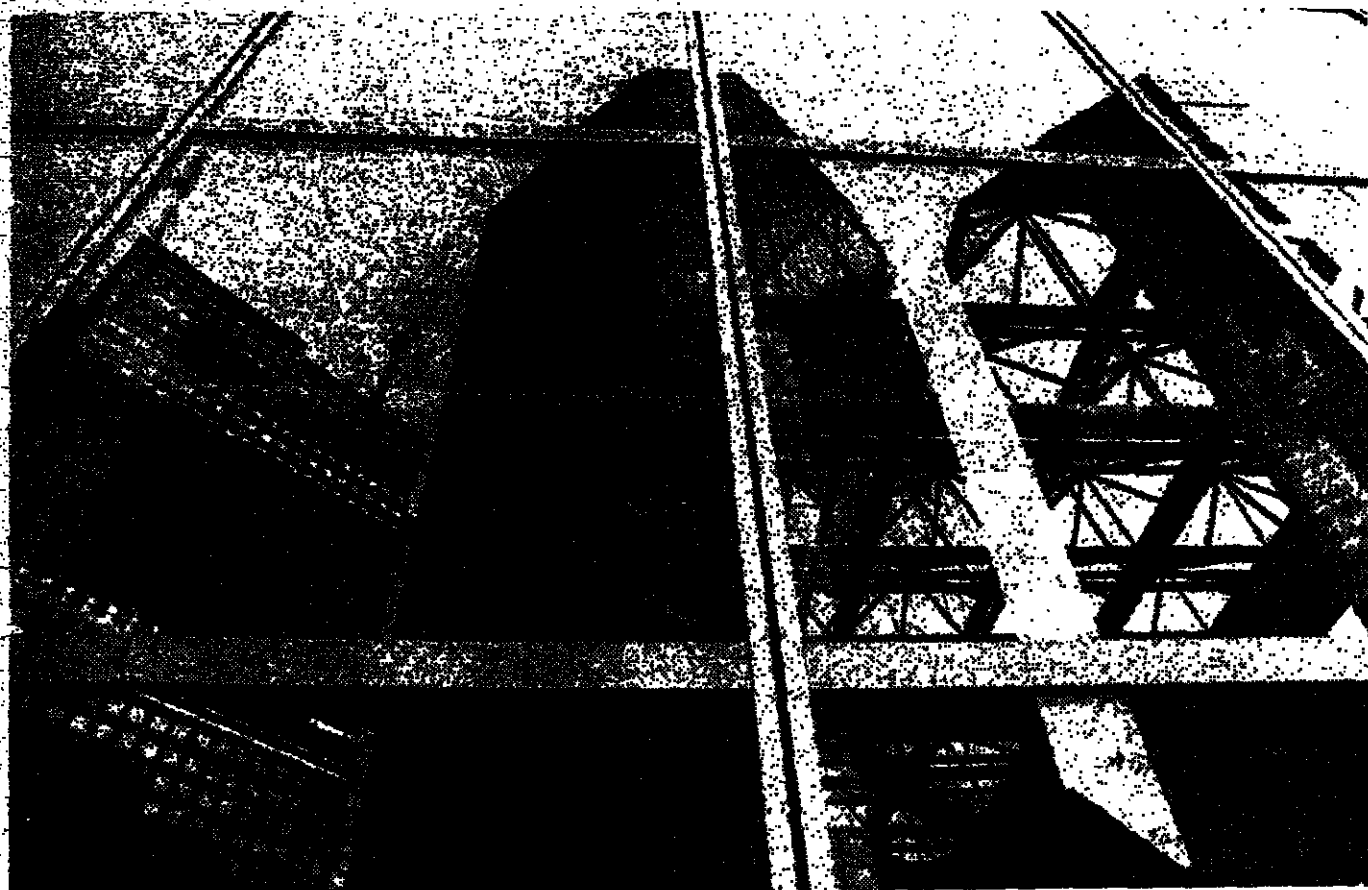
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# NORTH AMERICAN REAL ESTATE

A SPECIAL REPORT



The look of American cities continues to change as the century nears its end. Left, a Denver office building goes up; right, new construction in Dallas.

## '70s Boom Alters Urban Structure

By Carter B. Horsley

NEW YORK — There is a new American presence and structure that is emerging from the tremendous building boom that began in the late 1970s and which is now unwinding because of the recession. This boom has been more than just another ripple in the real estate industry's cyclical history. It represents a significant new chapter in the nation's social organization: the crystallization of a new generation of cities that are making quantum leaps and bypassing many incremental problems of more mature cities. Some, of course, like Houston, have snared themselves, perhaps irreparably, on older city problems like traffic, but most have created highly visible and distinctive, if not distinguished, urban environments.

No longer is power, at least as measured by office space, overwhelmingly concentrated in only a handful of cities such as New York, Washington, Chicago and San Francisco.

And in the last five years, according to Regina Armstrong, vice president of economics in the research department of the Regional Plan Association in New York, most of the nation's top 15 central business districts changed significantly, increasing their total supply of office space by 50 percent or more.

"What has stopped is the upward trend in prices and rents," Stephen B. Siegel, president of Cushman & Wakefield Inc., the New York-based real estate sales, leasing and consulting organization, which has offices in more than 30 cities across the country, said. He added, however, that they will resume again. He said that the recent recession is probably not as bad for the real estate industry as the 1973-1974 recession and that he sees "signs of the market coming around in increasing activity and closings."

Miss Armstrong predicted that while the frenzied activity of the last year or so is likely to diminish somewhat over the next few years, such dramatic growth will continue and that by 1990 the number of jobs in the United States will increase from 100 million to 118 million and that one-third of the increase will be in office jobs, which now comprise only one-sixth of the nation's total. This translates to a 37.5 percent increase from 16 million office jobs to 22 million.

Five years ago, Miss Armstrong noted, there was about 4 billion square feet (360 million square meters) of office space in the country. Now, she claimed, there is about 5 billion square feet. Last year, about 300 million square feet of office space, a record, was built, about 50 percent more than the average of recent years. According to Robert A. Murray, economist for F.W. Dodge Reports of McGraw-Hill Information Systems Inc., this is triple the output of 1975 and 1976 when the industry was reeling from the great burst of building activity initiated at the end of the 1960s.

While many markets, such as Denver and Houston, are building more space than they can now lease, development is by no means at an end, even in overbuilt areas. Although the development community has become in the last year or so generally more selective and conservative, daring entrepreneurs, some of whom are foreign, are continuing the momentum.

Perspectives are changing and there appears to be a growing awareness that synergy is more important than energy, substance is more important than style, and context is more important than credit. Where as only a few years ago the emphasis of most developers and lenders was on narrowing exposure and risk and pursuing smaller rather than larger projects and there was a consensus that the new-town movement was over, the number of enormous mixed-use projects being initiated now is staggering. One key to their new development is that they are phased in segments that can be readily marketed with individual identities rather than in megastructures with a uniform and static character. They are also strategically located rather than isolated.

Kenneth Schnitzer, the chairman of Century Development Corporation in Houston, which just announced a new 82-story, 2-million square-foot tower for the Bank of the Southwest in Houston, argued that not many mixed-use projects will begin or expand in the next few years, but they "continue to have competitive advantages over single-use projects."

Such impressive new ventures are redevelopments of ranch property, such as Las Colinas near Dallas-Fort Worth Airport and railroad yards in San Francisco, Denver and New York. At the same time, older

## New York Office Market Weathers Recession; Prices Stabilize

NEW YORK — The New York City office market has weathered the economic storm of national recession remarkably well and is perhaps the most stable major market in the United States despite a substantial amount of new construction.

While it still has significant infrastructure and budgetary problems, New York City, which less than a decade ago was on the verge of bankruptcy, is firmly established as the international, cultural,

communications and financial capital of the United States.

The meteoric rise in property values has stabilized and eased, and most observers feel that the city's resilient and sophisticated development community has not created serious problems anything like the tremendous amount of overbuilding of a decade ago.

Some projects have been postponed or scaled down, but only a few. Gerald D. Hines of Houston, Texas, said recently in an interview that he was "still planning" his

first New York office tower on Third Avenue but that it would not start in 1983. Larry Silverstein of Silverstein Properties has redesigned his new skyscraper just north of the World Trade Center towers from 1.8 million square feet (549,000 square meters) to 1 million square feet.

Some real estate sources said recently that Citicorp is understood to have "serious" offers for its assemblage just to the south of the Citicorp Center. Cadillac Fairview Urban Development Inc. decided

not to develop the area in view of the new midtown zoning that decreased its potential development size. Cadillac Fairview sacrificed a \$21 million deposit that left the bank with a need to readjust its accounting, according to some real estate sources. The bank already had credited itself with a profit from the total \$105 million sales price.

Cadillac Fairview, meanwhile, is proceeding with the first venture in which it recently bought out its partner, Cohen Brothers Realty & Construction Company, at 780 Third Avenue. The 50-story red-clad building designed by Raul de Armas of the New York office of Skidmore Owings & Merrill will be one of the slenderest skyscrapers in the world. It and the black, Brazilian granite, 41-story tower at 1155 Avenue of the Americas, designed by Emery Roth & Sons and being developed by the Diers Organization, are both under construction and promise to be perhaps the most attractive of the city's new crop of towers. These towers demonstrate that the design possibilities of classic modern rectilinear tower slab forms have not been exhausted.

The high rent levels and the persistent demand of many international tenants to remain in the prime east midtown corridor has resulted in many new, narrow mid-block buildings being built and more are planned.

The First Boston Corp. and G. W. Travelstead, who were involved in the controversial Park Avenue Plaza project just to the west of the

Racquet & Tennis Club of New York on Park Avenue, are involved in two new slender towers now under construction: one, with Solomon Equities, and also designed by Skidmore, Owings & Merrill, is Tower 49, to the east of Fifth Avenue on 49th Street. The second one, with Sterling Equities, is a couple of blocks south at 575 Fifth Avenue and is designed by Emery Roth & Sons.

The passing of new midtown zoning regulations has not quelled the controversies on many such projects.

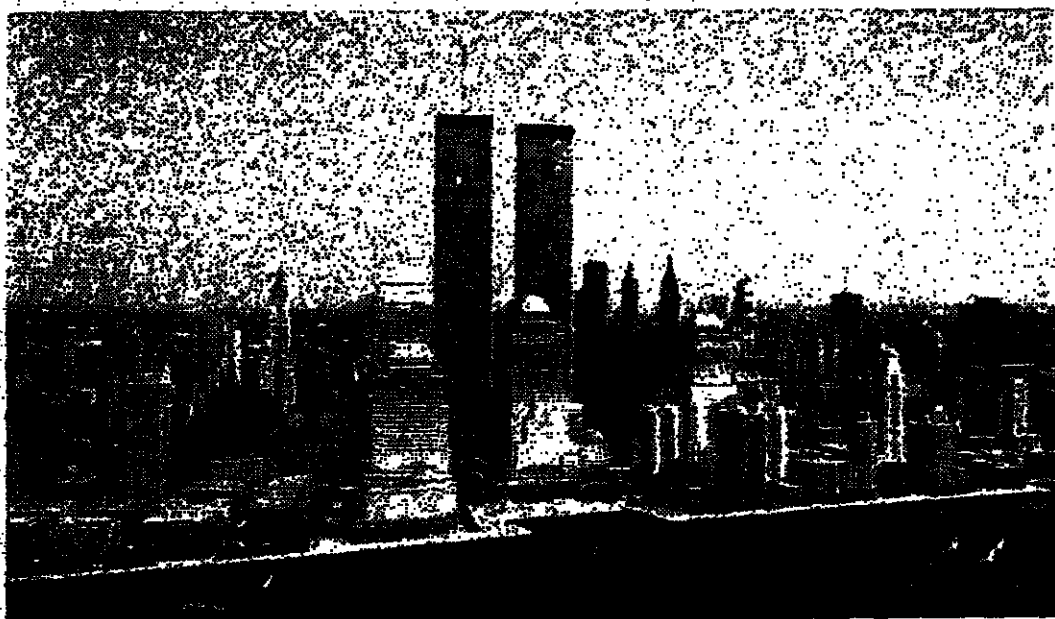
Construction has not yet started on Howard F. Ronson's proposed glass curtain wall tower, designed by Edward Durrell Stone Associates, adjacent to St. Bartholomew's Episcopal Church on Park Avenue at 50th Street. This hotly debated issue recently has been joined by reports of jockeying for position by several developers such as Fisher Brothers and George Klein around Lever House on Park Avenue, apparently in preparation for a development immediately behind

the famous small office building that made Park Avenue an important commercial address.

Despite a growing number of advocates among many developers and planners who feel that such controversies could be avoided by a strong landmarks policy that designates individual landmarks and permits the transfer of their unused development rights to broad districts rather than to immediately adjacent sites, the city has concentrated its preservation efforts on churches and residential areas rather than on major commercial buildings and prime luxury apartment buildings.

Only in the last couple of years, for example, has New York City designated the Chrysler and Empire State buildings as landmarks. And the staff of the Landmarks Preservation Commission has chosen not to designate many recently endangered skyscrapers of note such as the headquarters of the American Telephone & Telegraph Company at 199 Broadway. The

(Continued on Page 105)



The World Financial Center edges into the Lower West Side skyline.

## U.S. Hotel Industry, Reasserting Itself, Enters Vibrant and Competitive Era

NEW YORK — Like a slumbering giant, the hotel industry in the United States is tentatively stretching and reasserting itself after a slump from its high occupancy period in the late 1970s and focusing on the new perspectives of the 1980s.

The recession and the enormous wave of new construction committed to in recent years have not left the industry in the healthiest of conditions, but the market is remarkably vibrant and intensely competitive and probably more open to experimentation than at any time in recent history. The evidence seems to be everywhere. As Stephen W. Brenner, a leading hospitality industry analyst and consultant who heads his own company in New York, noted, the traveler "will be shocked by the number of new hotels in every city."

The industry's vistas for the decade are full of surprises and contradictions. Large hotels, only a few years ago thought to be uncookable, are being built again in such cities as New York and Atlanta, and small, discreet luxury hotels such as the Park Hyatt in Chicago are setting trends rather than the splashy style of spacious, cavernous atriums, which, nonetheless, continue their popularity.

Old hotels are no longer automatically destined for demolition or complete redesign, but are being refurbished and preserved. Hotels, in general, are also concentrating more on larger, more luxurious guest rooms and suites, the woman traveler and the health-minded traveler.

The chains, which are gaining an ever-increasing share of the industry, are becoming less stereotyped and are developing a variety of different hotel styles and types. By the end of the 1980s, Mr. Brenner predicted that the major chains will account for 70 percent of the transient rooms in the country, against 50 percent now and 25 percent in the 1960s.

The major hotel chains, Mr. Brenner noted, are closely studying the potential of teleconferencing, suite accommodations, airplane deregulation and the segmentation of the market. Teleconferencing is perhaps the most dramatic new development in the industry. Intercontinental Hotels, for example, entered a joint venture with the Comsat General Corporation earlier this year to provide the public with two-way audiovisual communications and print-out capabilities via satellite between its Barclay Hotel in New York and its Inter-

continental Hotel on Hyde Park Corner in London. The \$1 million installation for the hotel will permit small groups to rent fully-equipped studio facilities within its hotels in each city for about \$1,500 to \$2,000 an hour.

According to Joseph Smyth, executive vice president of marketing for Intercontinental Hotels, such groups would realize significant savings in travel time and hotel accommodations and a recent study commissioned by the hotel indicated that such teleconferencing networks might eventually reduce international business travel by more than 50 percent.

Mr. Smyth suggested that such a reduction, however, need not hurt the industry as much as the figures might indicate since, well-located luxury hotels are able to provide the central location and service for groups and companies that could not afford the high capital costs of installing such systems in their own facilities.

Other chains, such as Holiday Inn and Hyatt Hotels, have explored or are exploring teleconferencing in one-way, rather than two-way, visual versions. Richard L. Schulze, vice president of development with Hyatt Hotels, said that the Hyatt will soon be announcing a dozen or so such installations where it will introduce it in some form. "I think it will increase hotel demand," Mr. Schulze said, "and will not result in a loss of rooms as it will be used as a distribution network within this country

and a threshold level for national meetings."

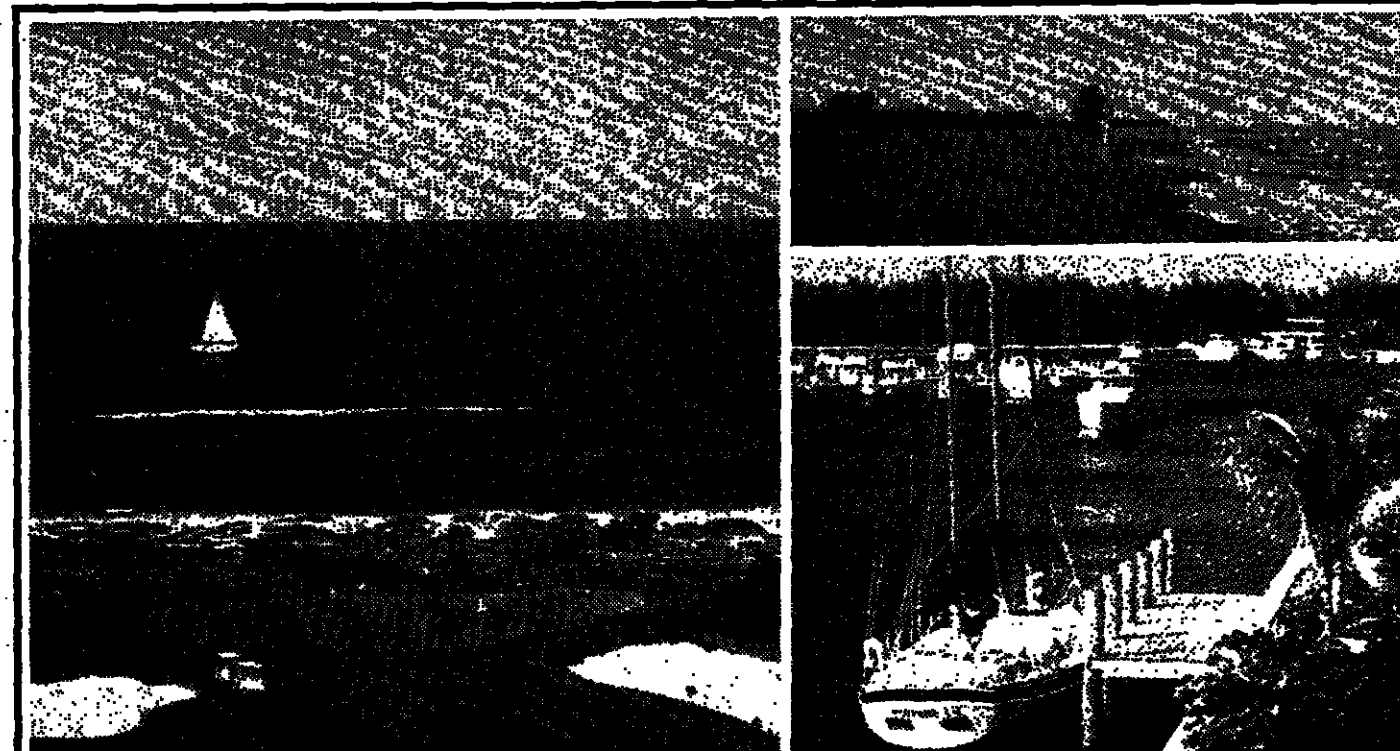
Mr. Brenner maintained that "teleconferencing will have an effect in the 1990s and will change everything again." At the moment, he said, it is "still very experimental."

Noting the recent appearance of the use by some major hotel chains of newspaper coupons, tie-ins with rental car companies and the like, Mr. Schulze remarked that "the 1980s will be the decade of marketing." New promotional packages are increasing in the industry as are health-related facilities. Some chains, such as Ramada, are seeking to change their image, while others, such as Hyatt, are diversifying.

Hyatt, which is best known for its deluxe atrium hotels, such as the Hyatt Regency in San Francisco, that transformed and revitalized the entire industry more than a decade ago, is not formula-bound. While continuing to develop new large, architecturally spectacular hotels, it is also undertaking major preservation projects and, based on the success of the Park Hyatt in Chicago, which quickly has become perhaps the finest and most elegant small hotel in the country, it is planning to be active in the emerging market for small, truly luxury hotels.

The recent \$10-million transformation of the modestly priced Water Tower Inn into the deluxe 255-

(Continued on Page 105)



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THIS SPECIAL REPORT was written for the International Herald Tribune by Carter B. Horsley, a reporter for The New York Times and a specialist in real estate.



## NORTH AMERICAN REAL ESTATE

HAWAIIAN RAW LAND  
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or Parcels

A major corporation is selling its extensive land holdings in Hawaii. Located in the Kona-South Kohala area of the Big Island of Hawaii, the parcels are prime for development.

The largest offering, subdivided into six parcels of 500 acres each, is across from the Mauna Lani Resort and the Waikoloa Development. Near the Mauna Kea Beach Resort with its world-famous championship golf course, these companies were the first to capitalize on the Hawaiian rugged beauty and balmy climate in filling out the coast's potential of total transformation from an expanse of barren lava fields and pristine beaches into a major resort complex. It is listed at \$16.5 million with a range of \$5,500 to \$6,850 per acre.

Another area is the Kona Coast's "high country" close to the colorful town of Waimea, headquarters of the world's

largest privately-owned ranch, the Parker Ranch. Gentle rolling hills with Mauna Kea always in the background. The grazing grass is right now about 15-20 inches high and vivid green, blowing in the soft winds like Kansas wheat. Since South Kohala and the Kona Coast are on the West side of Mauna Kea, the heavy rains fall mostly on the East side of the island. A trickling waterway creates the southern boundary along lots. The three parcels are of 150 acres each and across from the Waimea Landmark Estates Development. Listed at \$3.75 million with an average acreage cost of \$9,000.

Smallest of the offerings is 10.6 acres of direct oceanfront property on the Mahukona Coast just 15 miles from the Mauna Kea Resort. The property abounds with historical material along its black sand beach. Offering Price \$750,000.

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## Design: Local Firms Score Heavily in New Contracts

LOS ANGELES — New construction activity has been so frenzied in most of the dozen or so major North American cities that a visitor is more likely to notice as many, if not more, major new buildings designed not by internationally known architects such as I. M. Pei, Kevin Roche, Skidmore, Owings & Merrill, and Johnson-Burgee, but by well-established local firms.

These less widely known firms are designing the bulk of the nation's new commercial construction, and while their work can best be characterized as corporate rather than creative, mainstream rather than momentous, it has produced, collectively and chaotically, an impressive new urban aggregate.

What is also striking to someone who tours the United States in late 1982 is the relatively small number of truly architecturally distinctive projects in the new crop of major buildings that one would have expected to discover given the incredible amount of new construction activity and the proliferation of journals and books documenting the pluralistic nature of the design profession today and the pyrotechnical permutations of past and new styles.

As John Burgee, Philip Johnson's partner, told a meeting in

Houston in October of the Urban Land Institute, "there are so many peculiar shapes, twists and turns about, all doing the same thing, that maybe one should do a rectangular building to see if it is different."

Still, the imposing visual and economic impact of the sheer quantity and scale of the new skyline seems to outweigh considerations of quality, style and reputation. In many instances, small details of planning or urban design, such as night-time lighting, lobby materials, or facade alignments, more than make up for larger discrepancies and disparities in taste or quality.

For example, the great height and location and simple rear setbacks of the new 52-story, red granite Georgia-Pacific Building in Atlanta, designed by the New York office of Skidmore, Owings & Merrill, give it a dominant and distinctive silhouette that transcends its architectural quality as a structure that is handsome, solid but not important.

The new shapes and configurations have certainly created more attractive and sophisticated individual buildings than the conventional commercial products of the past few decades, even if such experimentation does not yet seem to have produced hallmarks such as

the Seagram's Building or the Beaubourg Museum.

Based on the evidence of what is under construction and what has been recently commissioned, both corporate and institutional American have opted by and large for a continuation of straightforward, clean-cut modern traditions rather than the pastiche of "post-modern" designs.

Furthermore, far from being exhausted, certain "modern" building types such as galleries and art museums are being improved upon rather than discarded, as in the dazzling stainless steel, skylit atrium — hidden behind flush polished granite and glass walls — at 466 Lexington Avenue in Manhattan. Designed by the office of Edward Durell Stone, this huge space overflows with luxurious planting throughout its entire height and is unified by a striking 20-story-high indoor sculpture. Neither innovative nor intellectual, it is simply breathtaking space.

At the same time, the antipathy to super-high-rise towers that followed the engineering breakthroughs in the late 1960's and early 1970's and culminated in New York City's recent major down-zoning of Midtown, appears to be decreasing. Houston and Denver, for example, are trying to overcome height limitations recom-

mended by the Federal Aviation Authority in each location and many other cities have also begun to recognize the intangible benefits of civic identity and pride that skylines provide.

The lesser known local firms include Perini Associates of New Orleans, Henry Associates of Atlanta, Lloyd Brewer Jones Associates and 3D International of Houston, Architectonica of Miami, WZMH of Toronto, Arthur Erickson of Vancouver, Emery Roth & Sons of New York, and Sikes Jennings Kelly, Albert C. Martin Associates and Welton Becket of Los Angeles.

Not all of these firms are as strictly regional and as dominant locally as Perini Associates, which has designed the majority of major new projects now transforming the skyline of New Orleans. Welton Becket, for example, has designed the gleaming, reflective One Tampa Center, the new convention center in Washington, D.C., in addition to the Hyatt Regency next to the Reunion Tower in Dallas and the Dravo Tower under construction in Pittsburgh.

The more famous architects, especially Johnson Burgee and the collective design efforts of the many offices of Skidmore, Owings & Merrill, continue to be very active. But to their celebrated ranks

must now be added three other firms — Murphy/Jahn Associates of Chicago, Cesar Pelli of New Haven, Connecticut, and Kohn Pedersen Fox of New York, all of whom have won major shares of the more significant commission market.

Of these seven, only Johnson Burgee Associates indulges in pure "post-modern" projects, such as its French Massard design for the apartment building at 1001 Fifth Avenue, the reflective glass, English-Perpendicular PPG complex in Pittsburgh, the broken-pediment A. T. & T. building and a castle-like tower for George Klein in New York.

But Johnson Burgee defies any classification other than that of experimenter, as many of its recent projects, such as the Crystal Cathedral for Dr. Robert Schuller in Garden Grove, California, are thoroughly modern, abstract projects dealing with form and material rather than historical allusion and wit.

These seven offices are consistently producing works of flair and interest and there is little question that the overall architectural quality of most commercial construction in the United States has improved markedly in the last few years. Contextual, energy and preservation concerns and style are

more pronounced in today's projects, more likely a reflection of the economic track record of Gerald D. Hines, the nation's most successful developer who is committed to quality architecture, than of any attitudinal change on the part of architects.

Indeed, there is abundant flamboyance in the new Los Angeles downtown, where a group of towers, such as the Crocker Center, the Wells Fargo Bank and the Bonaventure Hotel and Arco Towers, individually have merit but which together comprise an awesome ensemble conveying a spacious sense of omnipotence. They recall the earlier vibrant but isolated tension of the twin towers at Century City elsewhere in Los Angeles designed by Minoru Yamasaki.

The far larger downtown areas of Denver and Houston are quantitatively impressive but lack the present focus that Los Angeles has in the cylinder cluster of the Bonaventure Hotel designed by John Portman.

Denver's best architecture, despite its hectic high-rise construction activity, remains the turn-of-the-century Brown Palace Hotel

(Continued on Page 9S)

## Building Explosion of '70s Leaves New Generation of U.S. Cities

(Continued from Preceding Page)

projects, such as Battery Park City in New York, are finally taking form.

In an age in which giant mergers are common, conventional financing chaotic and the nature of the work place shifting, real estate has not surprisingly changed, with new alliances between some developers and lenders, new building products and new constituencies.

Many cities are realizing that to compete and remain viable it is not enough to have a strong economic base, especially if it is primarily centered on one industry or market. Public and institutional projects, therefore, are assuming far greater importance than in the past. Important new museums are being built in many cities, such as Dallas, Los Angeles and Atlanta. Major new convention centers and important civic buildings have recently been completed or are in progress in many cities, such as New York, Portland in Oregon, Beverly Hills, and Tallahassee in Florida. Major new airports in Dallas-Fort Worth and Atlanta have greatly escalated the importance of those cities and new sub-

environments in downtown Los Angeles, Houston, Denver, Dallas and New Orleans, to name the most dramatic, tends psychologically to overwhelm subtleties of the finer points of design or planning in almost a religious sense of reverence for their monumentality.

Las Colinas, for example, is a stupendous new undertaking involving thousands of acres and millions of square feet of new construction that is galloping ahead of demand and design. With its mammoth lake and motorboat taxi, a garage that looks like a Renaissance town and the world's largest equestrian sculpture, it is awesome even in its infancy.

The great concern about energy has subsided somewhat but it has also resulted in substantial progress in being able to reduce operating costs and build more efficient structures. Glass curtain walls began to go out of vogue a few years ago because of energy considerations and because of the availability of less expensive materials such as granite, but then glass makers improved their product and the demand for granite has recently made it more expensive.

Of more lasting importance, however, is the pace of technology advances that is expected greatly to alter office habits. Jerry L. Speyer of Tishman Speyer Properties, for example, just announced a new office building in Manhattan that will be oriented to providing new standards of wiring and flexible floor plans. And Edward J. Minskoff, executive vice president of Olympia & York Ltd., said that his company is exploring the feasibility of installing its own satellite communications facility at its office development at Battery Park City in Manhattan.

In a recent article on "The Mechanization of Office Work" in Scientific American, Vincent E. Giuliano forecast significant long-term changes in office technology. Electronic mail systems and telecommunications, he said, will reduce "information float, that is, a decrease in the delay and uncertainty occasioned by the inaccessibility of information that is being typed, is in the mail, has been misfiled or is simply in an office that is closed for the weekend." It will, he continued, reduce redundancy, reduce the number of workers to choose where and when they want to work.

Despite such remarkable advances, the demand for office space is not about to dissipate greatly. While comparing the impact of such systems with the invention of the telephone, Mr. Giuliano observed that the traditional office "has its virtues, after all... as a home for organizations, a place for people to come together face to face and a work-oriented environment away from home," as well as a place to house facilities too expensive for the home.

Furthermore, in "The Office Development Handbook," just published by the Urban Land Institute in Washington, W. Paul O'Mara observed that private office construction in the United States climbed from slightly over \$4 billion in 1973 to nearly \$10 billion by 1980 "and the figures for the remainder of the 1980s should be even higher."

He noted that, despite the growing use of computers and other labor-saving office equipment, there has been an accompanying rapid expansion in the employment of office workers, as well as, probably, an increasing amount of transfer of office employment to office buildings from other facilities. There has also been an increase in the average amount of floor space per worker, "partly based on providing room for more office machines and equipment." Office space per employee increased from 109 square feet in 1946 to 162 in 1974 and to more than 200 by 1980, he said, adding that "as building costs and rental rates continue to increase in the 1980s, this trend is likely to level off or possibly decline slightly."

Shifts within and between regions will require new construction and the technological changes are also expected to change demand, much as the pre-World War II buildings with generally smaller floor sizes were followed by postwar buildings with large floor sizes, a feature that is again in demand after falling a little out of favor.

The suburbs have "catapulted" in the last few years into a position virtually equivalent to the central business district, according to the fall/winter report of The Office Network survey of 21 major markets with a total of more than 1 billion square feet of office space. In the major cities surveyed, 49.7 percent of the total office space is

in the suburbs. During the past four years, construction and absorption of new space have added more than 146 million square feet to the suburban market, compared to less than 89 million square feet added to the central business districts.

The report said that suburbs have rents that are 27 percent lower than in the central business districts, which have a significantly higher occupancy level in most major markets. The suburbs have 45.1 million square feet of existing office space available for lease against 21.2 million square feet in the central business districts and also lead in the amount of space that is under construction and available for lease, 64.7 million to 51.1 million. In Houston, almost two-thirds of the approximately 30 million square feet of office space under construction is in the suburbs and in Dallas the corresponding figure is about 60 percent of the total of 22 million square feet.

The U.S. office market, the survey found, has softened considerably with rents stabilizing and higher vacancy rates. It said: "Construction activity remains strong, although new project starts have declined over the past six months. As major downtown and suburban office markets become saturated, developers are now looking beyond these markets to second- and third-tier office markets for building opportunities, although the difficulties of these smaller markets like Toledo, Richmond, Columbus and Tucson, is that often only a small amount of new office construction will satisfy the long-term demand.... Fringe suburban office space should account for a reduced share of the market as the impact of transportation modes continues to be a major force in site selection. The office market will be the strongest in the larger central business districts, particularly those with adequate mass transportation and in established suburban modes with infrastructure and amenities already in place."

In its most recent report in October, Richard Ellis, the London-based real estate consulting and sales concern that has its United States headquarters in Chicago, forecast that "in the next six to 18 months, it is likely that rents, having fallen by approximately 10 to 15 percent from the 1981 peaks,

will remain fairly constant in those central business districts which are experiencing no more than a restoration of supply/demand equilibrium," such as New York, San Francisco, Los Angeles and Boston.

In cities where the construction boom has outpaced the underlying absorption trends and in poorly conceived projects, it claimed that rents are likely to "adjust further." It noted that it saw few buildings that will be completed in 1984 and 1985 and that "several major cities should experience a shortage of supply at that time with a consequent rise in rental rates, provided some confidence is restored in the economy within the next 12 months."

In its latest monthly survey of mortgage indicators, Citicorp Real Estate Inc. reported last month that "more national lenders are coming back to the commercial mortgage market, including some who have been out for six to 18 months or longer." It noted that developers, however, "are hanging back because they expect mortgage rates to drop still further." It added that major lenders have sharply dropped their goals for total return on investment and that "their target rate of return from mortgage interest plus kickers and fees now ranges from 13% to 15 percent, compared to 15 to 16% percent a month ago and 17 to 18 percent at midyear."

Conditions, of course, are far from ideal. The fall survey by the Society of Industrial Realtors indicated that the United States' industrial real estate market remained "in the doldrums," despite a decrease in interest rates. The report maintained that no quick turnaround is expected over the next 12 months, but it noted that "the view for sales and leases is slightly less pessimistic than it was last spring."

At the Urban Land Institute semiannual meeting in October in Houston, the attitude of leading lenders and developers was cautious and prudent in light of what many described as "an unsustainable run-up" in housing and office values. Anthony Downs, a senior fellow at the Brookings Institution in Washington, observed that the industry has been suffering from

(Continued on Page 13S)

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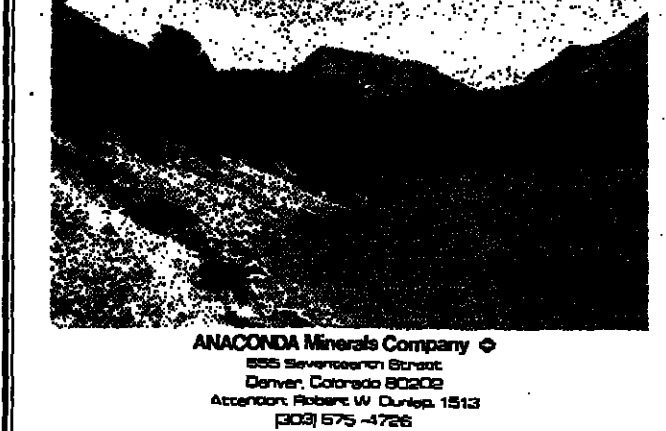
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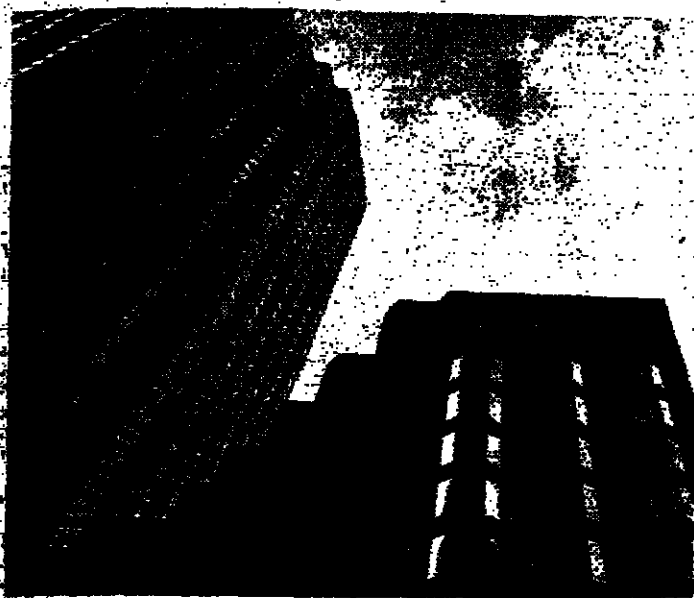
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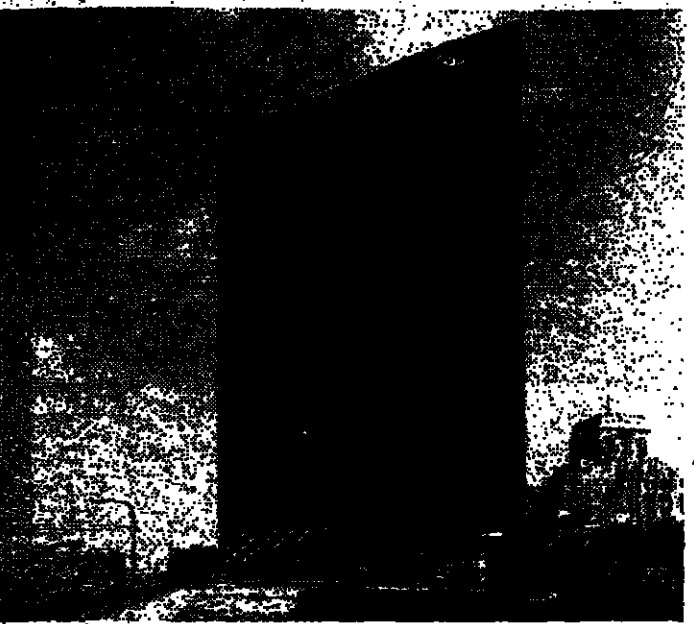
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### LOS ANGELES

IN THE LAST 20 years or so, the office space inventory of the Los Angeles and Orange County region in Southern California has increased almost eightfold to about 80 million square feet.

Los Angeles is one of the few American cities, such as San Francisco, New York, Washington, Savannah and New Orleans, with a very definite sense of architectural style. It is not consistent in manner or type. It is not cohesive in its organization and context. It is, however, expressed strongly and almost universally in its attractive old ornate street lamps, the palm trees tied to the sides of buildings, and the intricate sun screens and cornices of mid-rise buildings. If cities were paintings, then Los Angeles would be a Van Gogh, bold and lush in its minute details and overwhelming in its total statement.

Until recently, downtown Los Angeles, whose share of the region's total office space inventory has been steadily declining, was not particularly impressive. That, however, is no longer the case and downtown Los Angeles has a new ensemble of disparate towers, many with corporate logos near their roofs, whose architectural aggregate greatly transcends the individual and is becoming one of the country's most striking and modern urban environments. The towers are centered about the cylinders of the Westin Bonaventure Hotel, designed by John Portman, which opened last year, and the twin forest-green 52-story monoliths of Arco Towers, designed by Albert C. Martin & Associates, a decade ago and perhaps the most handsome dark modern skyscrapers in the country.

The new towers include the recently completed stainless-steel, set-back tower of the 48-story Wells Fargo Building, designed by Albert C. Martin & Associates, the 26-story building developed by Olympia & York and its major tenant, the law firm of O'Melveny & Myers, and the red-granite angular forms of the two towers of 54 and 44 stories of the Crocker Center, still in construction. They stand on a variety of pods and plazas that accent their individuality and provide an unusual frame of reference.

Immediately adjacent to the Crocker Center, designed by Skidmore Owings & Merrill, is the Bunker Hill complex, which will include a new museum of contemporary art designed by Arata Isozaki, the first major commission in the country for the master Japanese architect, and several office buildings that will be by the Cadillac Fairview Urban Development Corporation.

According to Robert A. Ortiz, the senior vice president and branch manager of Cushman & Wakefield Inc., in Los Angeles, annual absorption in the downtown area for the last four years has been about 1 million square feet, and occupancy is at 98 percent downtown and about 89 percent in the mid-Wilshire and suburban areas. Rents downtown range from \$26 to \$30 a square foot a year for existing buildings and \$35 to \$37 for new buildings. Overall, he said, prime downtown space rates have increased about 15 percent since 1981, while rent for prime suburban space has increased about 35 percent in the past year to \$21.50 to \$28 a square foot for new space.

Although several major downtown projects are in the final planning stages, no new product is likely to enter the market until late 1984. Mr. Ortiz said, with the prospect that rents will escalate substantially. Hotel sale activity, he said, is expected to increase with the Olympics scheduled for Los Angeles in 1984, and foreigners, most from the Far East, are the current buyers for these and other prime Los Angeles properties. Of the four major downtown development sites other than Bunker Hill and a controversial proposal to redevelop the site of the city's famous Byzantine-style library adjacent to one of the two major men's clubs in downtown, he said, two, on Figueroa Street, are controlled by Mitsui Fudson of Japan. In West Los Angeles, there is new high-rise construction near the twin towers of Century and in the Los Angeles Airport area where Tri-Zac has a 250,000-square-foot building under construction.

Although he estimated a 25-percent decrease in sales in 1982 for industrial and commercial space in West Los Angeles and its suburbs, Samuel Hayes of Cushman & Wakefield Inc. said there is a continuing market for prime industrial and commercial space in both Culver City and Beverly Hills. He said that square footage is no longer the major yardstick used by sellers, who are mainly looking at cash on costs in dealing with the largely institutional pool of buyers. In suburban Orange County, occupancy is 85 percent and rents are about 10 percent less than last year, but major projects are continuing, such as the Anaheim Stadium Center, a venture by Cabot, Cabot & Forbes, scheduled for 1983, which will utilize parking lot space for new development around the stadium.

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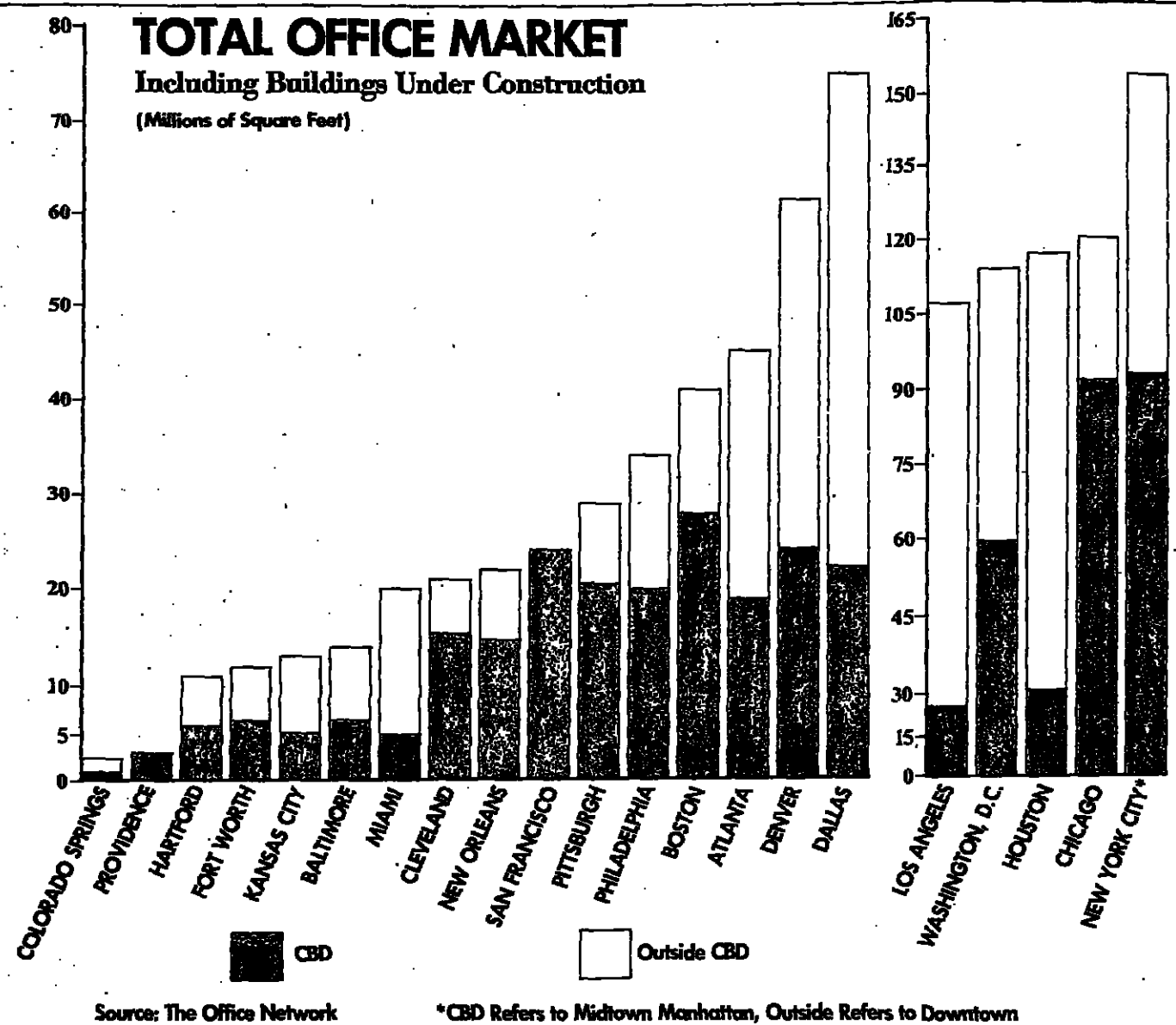
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### SAN FRANCISCO

SAN FRANCISCO is one of the strongest and most expensive downtown markets in the country, second only to New York, with office rents in the \$35 to \$42 range and up to \$52 or so for the most important buildings, such as the Bank of America Center. Several important new buildings are nearing completion. They include: 101 California Street, a 48-story, 1.2-million-square-foot tower designed by Johnson/Burge Associates for Gerald D. Hines of Houston, a flamboyant glass tower on stilts over a shed atrium with a low-rise "podium" building set at a sharp angle to it; the 39-story Crocker Center with a three-story

retail gallery; and the 42-story Five Fremont Center tower development by the Metropolitan Life Insurance Company. Walter H. Shorenstein and Sequoia Ventures, which is affiliated to Bechtel interests. These reinforce rather than reshape the city's spectacular skyline, although some new projects being planned, such as the Mission Creek redevelopment of the Union Pacific railroad yards and the Yerba Buena development by Olympia & York, are likely to enlarge the already impressive business district. Given its scenic splendor, architectural distinction, extensive nightlife and tourist facilities, and preservation orientation, San Francisco is easily the most ur-

bane city in the country. Zoning and landmarks are major issues and several new projects are designed to complement existing ones, such as the sprawling low-rise warehouse-style Levi Strauss plaza, or incorporate existing structures in their designs, such as a project by the Bank of Canton, 353 Sacramento Street, which made a mold of an historic facade on the site and recast new panels to recreate it. A Federal Reserve Building project included in an Embarcadero West development by the Rockefeller Development Corporation is one of several projects now advancing.

### CHICAGO

OCCUPANCY RATES fell from 97 percent to 93 percent between the first and third quarters of this year, according to Vernon Schultz of the Chicago office of Cushman & Wakefield Inc., and many developers are in a holding pattern. Olympia & York, for example, is building only the Neiman-Marcus section of its proposed mixed-use project on Michigan Avenue, although it had planned a handsome high-rise tower designed by Skidmore, Owings & Merrill.

From 1971 to 1977, office space in the Chicago Loop increased from 43.7 million square feet to 59.9 million and from 1978 to 1981 an addi-

tional seven million square feet were added. Cushman & Wakefield reported that 13 new buildings with more than 12.5 million square feet of space are under construction for occupancy in the next three years in the Loop.

Despite a softening of the market, the Equitable Life Assurance Society and the Chicago Dock & Canal Trust recently announced they had agreed to develop a 50-acre site downtown in a 15- to 20-year project at a cost of \$2 billion to \$3 billion. It will include 20 million to 25 million square feet of office space, apartments, hotels and retail facilities.

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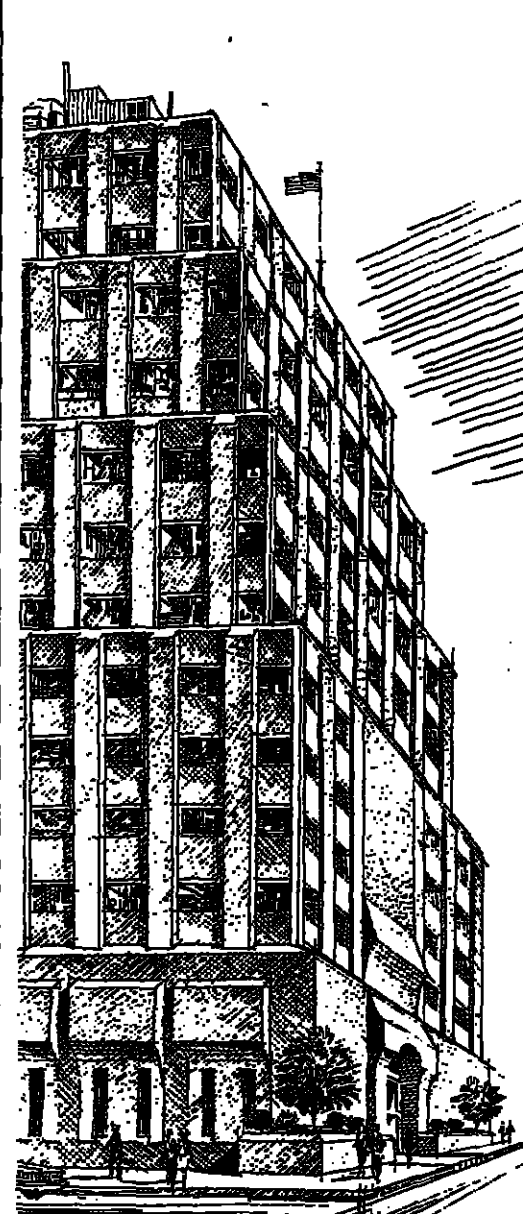
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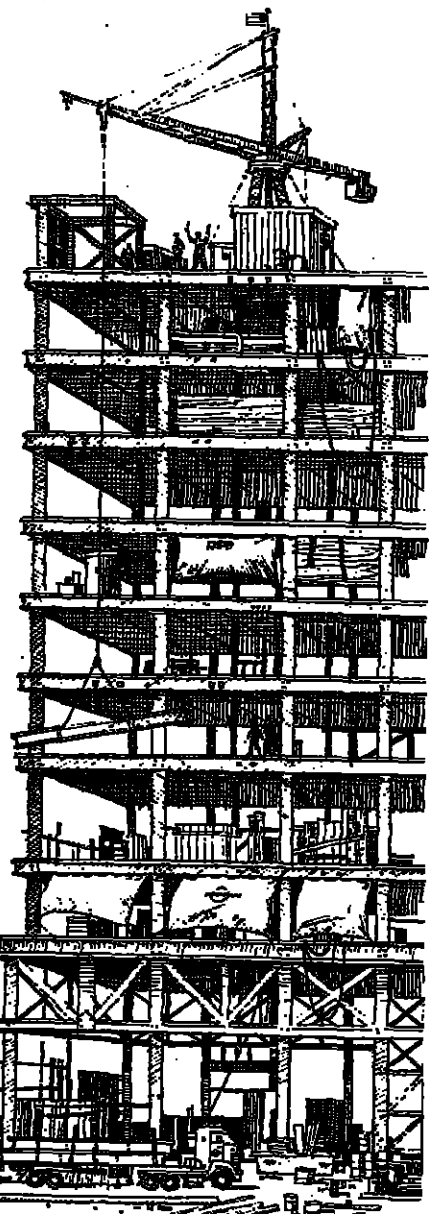
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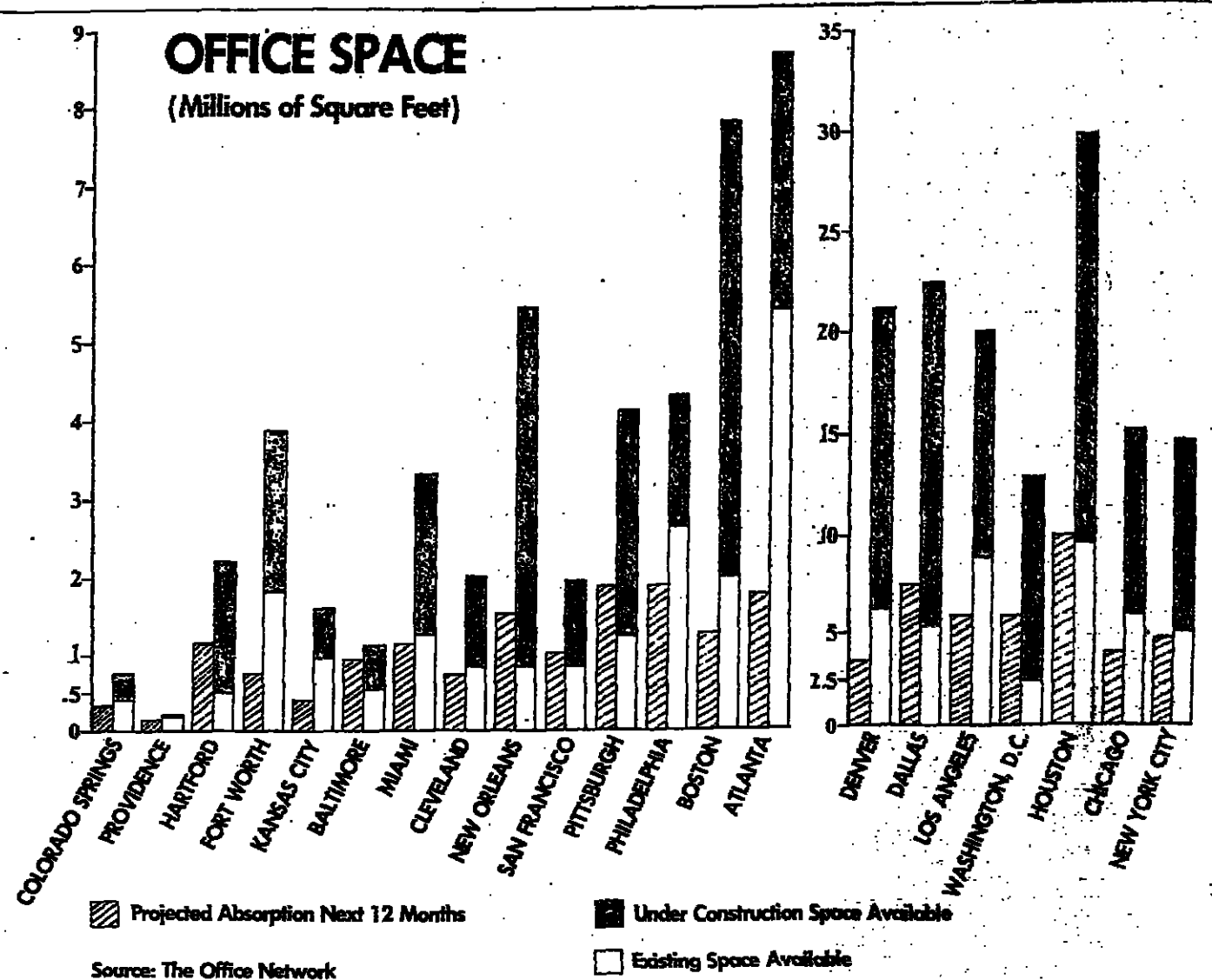
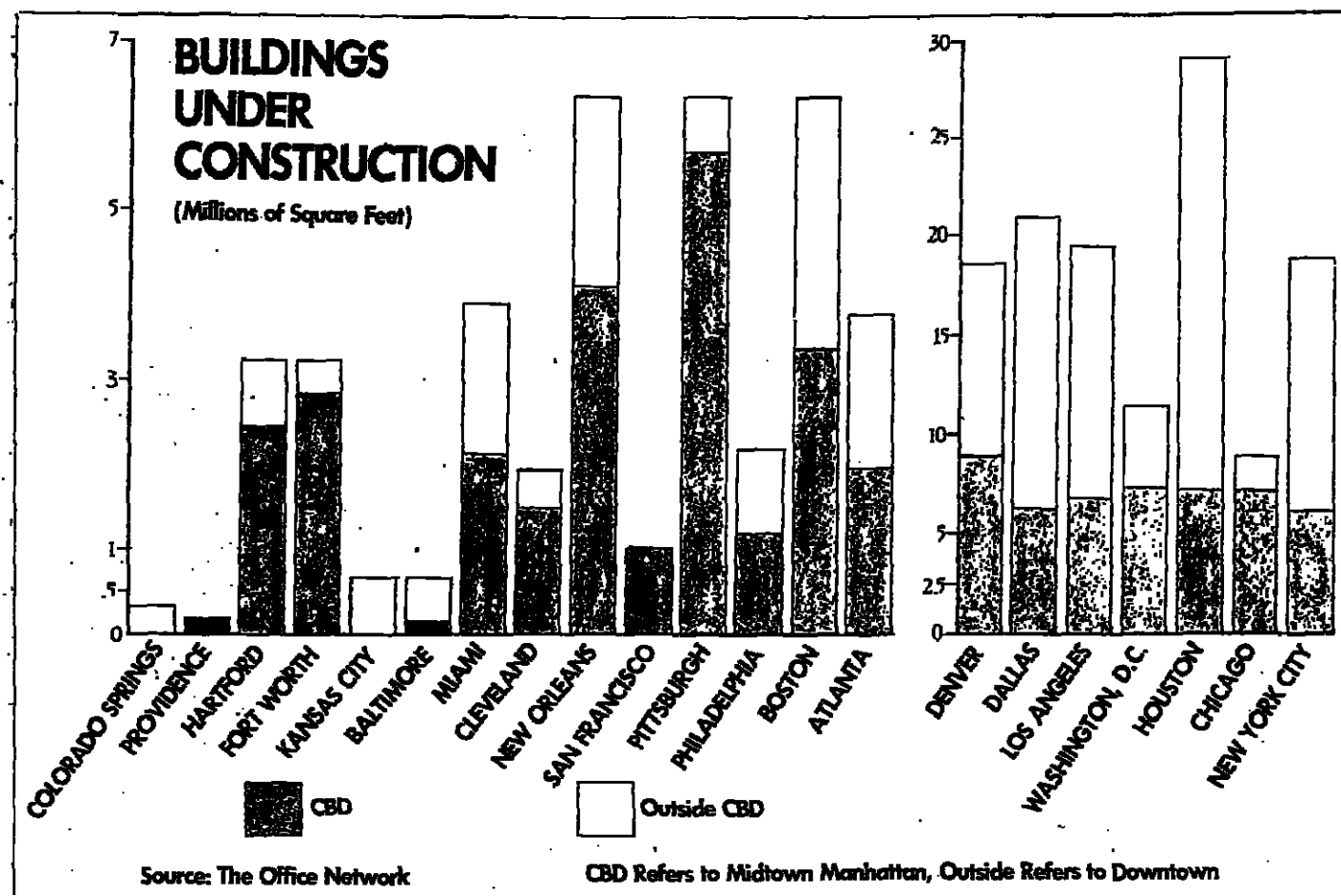
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## NORTH AMERICAN REAL ESTATE



## ATLANTA

ATLANTA and Houston are the United States' two most impressive suburban office centers. Unlike Houston, which already has an impressive downtown, the downtown of Atlanta is only just beginning to jell. The 52-story red granite Georgia Pacific skyscraper, which is nearing completion, is a far more massive and imposing landmark than the taller and glossier 70-story Westin Peachtree hotel nearby and the older tight cluster

of Peachtree Plaza office slabs. The Georgia Pacific Tower, designed by the New York office of Skidmore, Owings & Merrill, and the new 53-story Marriott Hotel, designed by John Portman, a few blocks away and now in foundation work, will add considerable substance to the Atlanta skyline. Together with the inverted staircase form of the 24-story Georgia Power Building and the world famous atriums of the Hyatt Hotel

and the Omni International, adjacent to the Georgia World Congress convention and exhibition facility, which is being expanded, they will reinforce the city's reputation as a major convention location and greatly improve the attractiveness of the central business district. The city's attractive and efficient new airport assures Atlanta a secure position as the hub of the South. Atlanta is also extending its impressive new MARTA subway from downtown to the airport. The J.T. Holding Company is planning a major redevelopment adjacent to the new subway at Resurgens Plaza, consisting of two office towers designed by Eli Attia

of New York. With about 15 million square feet of new office space due for completion within the next three years in metropolitan Atlanta, the Cushman & Wakefield Inc. office in Atlanta reports that "it seems clear that local developers have overestimated the demand," especially as existing vacant space is about 7.5 million square feet in an area whose annual absorption has been about 2.3 million square feet. Despite the abundance of available space, investor interest continues. Gerald D. Hines of Houston, for example, recently paid a record price for a major site near the Perimeter Center in the suburbs, even though it is not

## DALLAS - FORT WORTH

A CITY WITH FLAIR. Dallas is perhaps best appreciated at night when some of its relatively conventional towers take on a sparkling new personality and are illuminated by geometric patterns in lights.

While some of its projects may have been derived from innovations elsewhere, they are often taken to extremes in Dallas, in typical Texan fashion. The new Plaza of the Americas project, for example, takes the concept of a mixed-use project of hotel, offices and a skating rink clustered about an enormous skylit space, which originated with the Omni International project in Atlanta, and enlarges and refines it. Las Colinas, the 12,000-acre project on the Ben H. Carpenter ranch close to the Dallas-Fort Worth Airport, is a vast new-town project that contemplates quickly developing more office space than many established cities have and which is already a major market factor in the region, even though it has high vacancies.

New construction is continuing to transform the skyline of Dallas and to give it several interesting pockets of development within its walkable central business district.

Several major new projects are under way in the central business district, including First City Center at Thanksgiving Square, a 50-story tower designed by WZMH Group Inc., of Dallas, for Cadillac Fairview

Urban Development. Cadillac Fairview has recently completed a smaller project, the 20-story Pacific Place, designed by Skies Jennings Kelly to have a dazzling, reflective glass corner sawtooth facade. Cadillac Fairview also controls a major site between Neiman-Marcus and Jockey, major retail stores, which it hopes to develop into a major mixed-use facility, and it has other major sites for future development.

IN FORT WORTH, with the Kimbell and Amon Carter Museums, there is a prestigious amount of culture for a city that until recently did not project a prodigious image. The new Dallas-Fort Worth Airport and strong local backing, however, are quickly changing that image and three major new skyscraper projects have been recently completed or are in the process of opening. These include two reflective-glass towers designed by Paul Rudolph, which combine sleekness with the chunkiness of the Brutalism style of a few years ago and complex bases to make a startling statement of modernity next to the handsome renovation of many 19th-century buildings at Sundance Square.

The city retains much of its pioneer flavor, providing contrasts with its new development, which is certain to continue, given its proximity to the airport and as an alternative to nearby Dallas.

## DENVER

DENVER'S spectacular boom has resulted in a severe oversupply of office space, which is expected to take several years to absorb and which has caused a number of other new projects to be postponed.

William A. Conway 3d of Cushman & Wakefield's Denver office said that the city and its suburbs are faced with about 19 million square feet of available space in existing inventory and buildings under construction.

The Reliance Corporation, which recently erected the 34-story Amoco Building at the intersection of the city's two main streets, has decided to postpone a new 57-story, 1.4-million-square-foot project on the city's 16th Street mall until more space is absorbed. Another major project recently put on hold is the Plaza of the Rockies project planned by Daniel Crow and the Fred F. French Company of New York.

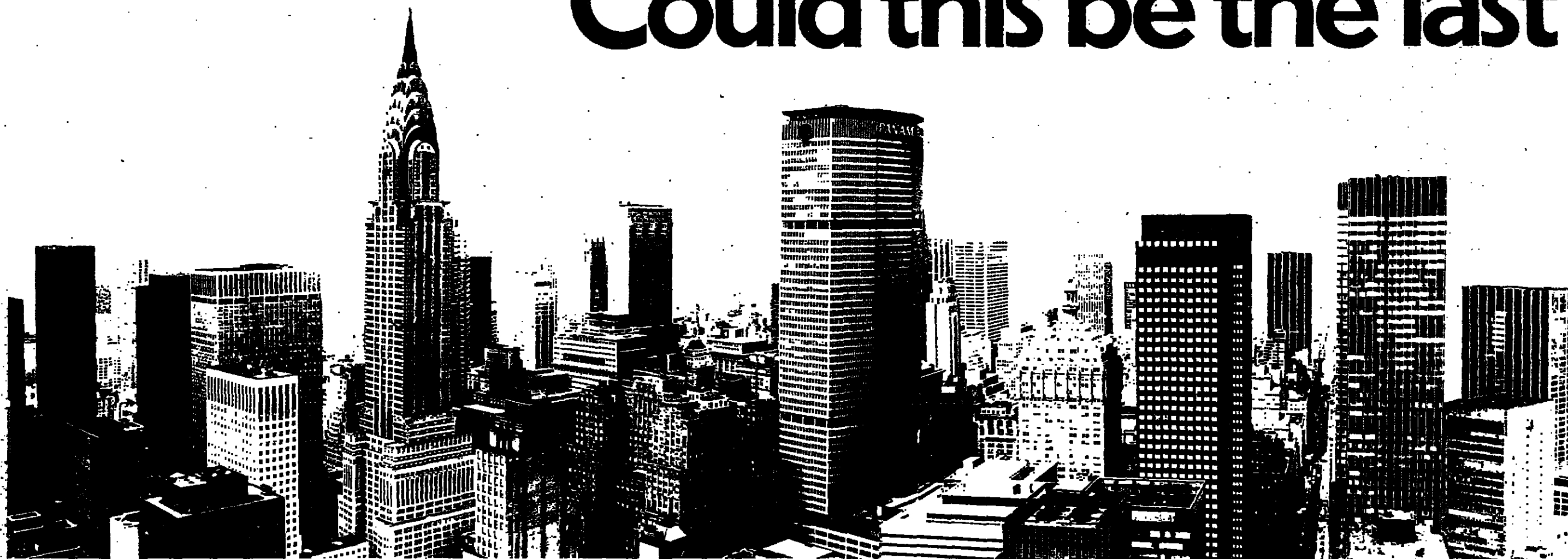
Even with several major projects postponed or scaled down, nearly two-thirds of the 7.1 million square feet under construction remains available. Mr. Conway noted in October. The 56-story, 1.2-million square foot Republic Plaza project of Oxford-Anso Development Company was only 10 percent preleased as of September, although it is expected to be completed in early 1984, according to Cushman & Wakefield.

## NEW ORLEANS

THE SITE of the 1984 World's Fair, New Orleans is experiencing rapid growth that is adding a new dimension and a new skyline but is not impinging on its two great and extensive architectural districts, the Vieux Carré and the American "Garden," which straddle the central business section. Several thousand hotel rooms are under construction and new office buildings that will be completed in the next two years are expected to increase the existing inventory by a third to more than 16 million. As Anthony Syant-Browne of Perez Ltd. architects in New Orleans, commented, "Fortunately, when the rest of the country's major cities were tearing down much of

their fabric in the 1960s for new development, New Orleans did not and therefore much remains." Walter Thomas of Joseph C. Canizaro Interests, a major local developer, estimated that the city has a three- to four-year supply of new office space. He said the city has been hurt by the recession, especially in the oil service industry. He noted that while the city is still a "branch office town," the creation of a significant skyline, the expansion of the convention facilities and the World's Fair, combined with its streetcar system and great tourist attractions of architecture and nightlife, will transform a once "sleepy" city into a major dynamic center.

## Could this be the last gr



Sooner or later everyone has to face the fact that Manhattan just isn't getting any bigger. No matter how many luxurious buildings are squeezed into these most sought-after acres, almost none will reward its owners with the breathtaking and panoramic views from Dag Hammarskjöld Tower. By day you will enjoy the broad vistas of the East River and the Manhattan skyline. By night you'll be thrilled by a dazzling brilliance unique to New York City.

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## NORTH AMERICAN REAL ESTATE

### HOUSTON

WITH AN uncomfortable climate and severe traffic problems, the remarkable success of Houston defies reason and shows no real sign of slowing down, despite a phenomenal rate of construction and a rise in unemployment for the first time in several years.

In 1950, metropolitan Houston had eight million square feet of office space. It now has about 130 million square feet, much of which is in suburban locations such as Greenway and Port Oak-Galleria, where Gerald D. Hines recently topped out his 64-story Transco Tower, the tallest office building in the world outside of a central business district.

Houston freeways carry twice the volume of the standard level for acceptable use. The Metropolitan Transit Authority has opened 14 park-and-ride centers in the last three years with express bus service from suburban areas to downtown. All have been operating at or near capacity and corporate vans are more in evidence downtown than in probably any other city in the country. This year, the Houston Chamber of Commerce Transportation

Committee announced a \$16.2-billion regional mobility plan to try to reduce congestion. It called for 170 miles (272 kilometers) of added freeway capacity, 300 miles of new freeways, 30 miles of high capacity transitways, 1,400 miles of new streets, new grade separations and several thousand new buses. Some developers were less than enthusiastic about the prospect of an elevated train in downtown Houston; city transit officials decided this week to try to fund funds to put the system underground. Construction and leasing activity downtown has been stupendous. The Houston office of Cushman & Wakefield Inc. reported that the Houston market last year absorbed 13.65 million square feet of office space, and Charles McArthur of Julien J. Studley Inc. said that through August of this year leasing was only 5 percent behind 1981, although downtown was considerably behind the suburban activity. The Houston office of Jones Lang Wootton reported that new construction represents a 37-percent increase in the existing stock in the Houston market and

"even with the most optimistic estimations of absorption levels, the market as a whole will be overbuilt for the next three years or so."

It noted, however, that downtown's new development is already more than 50 percent preleased. The 70-story level has been breached recently by the Texas Commerce Bank Tower and the Allied Bank Tower by Mr. Hines and Century Development, his major competitor, respectively.

In the next escalation, the Bank of the Southwest has just announced an 82-story tower, which Century will build on a central downtown site, and Wortham & Van Liew plans a similar size tower on the edge of the business district near the Allen Center complex and overlooking a park.

Houston also has architecturally diverse projects such as the new 56-story, 1.18-million square foot Republic Bank Center, designed in Flemish Renaissance style by Johnson-Burgee for Mr. Hines opposite their Pennzoil project.

### Energy: Progress In Design

DALLAS — In the decade that has almost passed since the oil embargo crisis of 1973, American engineers, architects and builders have made substantial progress in designing virtually all types of buildings to be more energy efficient.

The myriad experiments have already provided solid data bases that have made possible sophisticated and confident analyses of such important factors on building design as site orientation, wind loads and shading. At the same time, experiments with solar energy, new and unusual heating, ventilating and air-conditioning systems and advances in lighting and windows have enabled many buildings to achieve great savings in their energy costs. Contrary to many expectations, the reductions in energy usage in many instances have been accompanied by reductions in first costs: lower lighting costs, for example, have reduced ventilating requirements.

The retreat by the Federal government from its energy programs is obviously going to inhibit the launching of many costly research projects. And the general public perception of an easing in the demand for oil and therefore of the necessity for conservation, despite a rise in natural gas costs, is also jeopardizing the momentum galvanized by the oil embargo.

Nevertheless, much has been, and continues to be, learned from some of the major energy-conscious designs that have been recently completed or undertaken. Much of what has been discovered is negative. Solar energy for on-site heating, according to some experts, may not be as important as for conversion to electricity. In many cases, such as the Argonne (Ill.) Laboratories' new building, designed by Murphy-Jahn Associates, the Citicorp Center tower in New York, designed by Hugh Stubbins, and the Georgia Power Company building in Atlanta, designed by Henry & Associates, solar collectors have not proven cost-effective.

In some exotic experiments, such as "slush pools" of chilled water in elevator cores of high-rise buildings, the verdict is mixed. Two such projects were recently planned for skyscrapers in New York. Eli Attia, the architect of the new 50-story skyscraper at 101 Park Avenue at 40th Street, said his experiment, which was designed to chill water at night for storage, until use during the day, in the unused bottoms of elevator pits that form part of a building's

(Continued on Page 145)

### Design: Local Firms Getting Contracts

(Continued from Page 65)

and the tower and low-rise buildings around Larimer Square.

Houston, on the other hand, has an incredible amount of new high-rise construction, but virtually no sense of urbanity. From the lobbies and skywalks of such handsome complexes as the Houston and Allen Centers, the city has the most futuristic feel of any place in the country. Having just broken the 70-story barrier with two new buildings, Houston is about to start construction on two 80-story towers.

Johnson Burgee's most impressive historical allusion, the Republic Bank Building — designed for Mr. Hines and inspired by the Flemish Renaissance — is rising out of the ground across from one of the firm's most "modern" statements, the twin-towers of Pennzoil.

At the same time, workers are finishing the 64-story Transco Tower by the same architects for the same developer near the Galleria complex in a suburban section of Houston. While the reflective glass tower has some Art Deco lines, it is unquestionably very modern and, because it is the tallest suburban building in the world, is likely to become a far more visible and clear-cut argument for abstract design than the hemmed-in A. T. & T. Building has been for the post-modern movement. The latter has been disappointing in its massing and proportions, bland color and busy fenestration.

Similarly, Mr. Pelli's several Houston projects are strong, sleek elegant arguments for taut modern design and are particularly striking in their suburban setting. The pink facades of the Four Leaf Towers, twin 40-story apartment towers in the Houston suburbs, are much better arguments for more experimentation with color than his design for the mixed use Museum of Modern Art tower in Manhattan, where the dozen or so blue and green shades are rather muted and lost.

At Battery Park City in Lower Manhattan, Mr. Pelli, working within exceedingly restrictive design guidelines that precluded very tall buildings and mandated rather bulky ones, used mixed facades on the same structures and capped them all differently — while unifying them with grand portals. His solution is a brilliant, cosmic transformation of a relatively drab plan on one of the world's most important building sites.

In Houston, two separate competitions were recently concluded for major new projects, one of which was won by Murphy/Jahn and the other by Kohn Pederson Fox, which was also one of three finalists, along with Skidmore, Owings & Merrill, in the other competition.

The Murphy/Jahn design for the Century Development Corporation and Southwest Bancshares Inc., projects a 1,400-foot-high, 82-story, 2 million square foot tower in the center of the city. Construction will start next spring and, according to architect Helmut Jahn, the project is expected to be completed in three years.

Mr. Jahn described the tower as an obelisk and said it will have an observatory. Its design calls for it to be supported by eight major steel columns at its corners rather than a tube system. Mr. Jahn has designed the corners to have setbacks to provide staggered lighting of the tower while the middle portion of each face inclines inward and rises without setback to the top of the tower on which will be placed a spire.

A few blocks away, Kohn Pederson Fox has designed an 81-story, 2.2 million square foot building for Wortham & Van Liew that overlooks a park with some historical buildings at the edge of the Allen Center.

Although the firm has submitted a soaring and highly individualistic shaft with a profusion of ornamental cake-like detail at the base and crown, its scheme — selected over submissions from Kevin Roche and Hugh Stubbins, is far more contextual.

Conceived as a highly visible "gateway" project, the tower has a broad "skirt" base of painted aluminum, trellis-like framing to resemble the verandas of the nearby historic structures. The main tower facade facing the park is curved and rises without setbacks, but includes a prominent notch to identify a double-height sky lobby. This facade and the top part of two sides that are stepped back near the top will be clad in green glass that Eugene Kohn termed "a continuation of the park and the moving up of the lawn."

Many of his firm's designs incorporate a variety of facade textures, similar to some of those employed by Mr. Pelli, to align, reinforce and complement adjacent buildings. The Houston tower will have granite "wings" on the park side giving an indication of the more conventional facade facing the center of the city.

The facade assortment was employed by the same firm for the new "gateway" building for the Hercules Corporation in Wilmington, Delaware, a city that some real estate experts say may experience substantial growth because of its favorable corporate regulations.

For its design of a 51-story tower at 300 West Monroe Street in Chicago, Kohn Pederson Fox employed a granite facade that has a rippled glass tower portion that "projects as a cantilevered prow on one side over a plaza." Curves are also employed in its design of 333 Wacker Drive in Chicago, a sculpt-

sharp abstract tower with strong entries that provide an elegant base for the tower.

In another major competition, Mr. Jahn's and Mr. Pelli's firms, as well as those of Ulrich Franzen and Norman Foster of Britain, lost to Michael Graves, the architect of the new municipal building in Portland, Oregon. Unquestionably the most controversial building in the country, it has been hailed by some as a "post-modern" monument for its bold, exaggerated play of architectural forms and use of color and attacked by others for its convoluted garishness and lack of seriousness and contextual concerns.

Although communities in the Northwest have been hard hit by the nation's recession, Portland is one of the country's most striking examples of a small city that has quickly become internationally prominent because of a commitment to new architecture. It has sponsored other recent civic design competitions and some private projects, such as the new Fountain Plaza project, which will also have a markedly eclectic design quality.

Another such city is Indianapolis, which has sponsored new plans for a "world-class park" to include a 750-foot tower and observatory. Designed by Cesar Pelli in an eclectic style recalling Italian design, the tower will consist of a spiral ramp of small open arches.

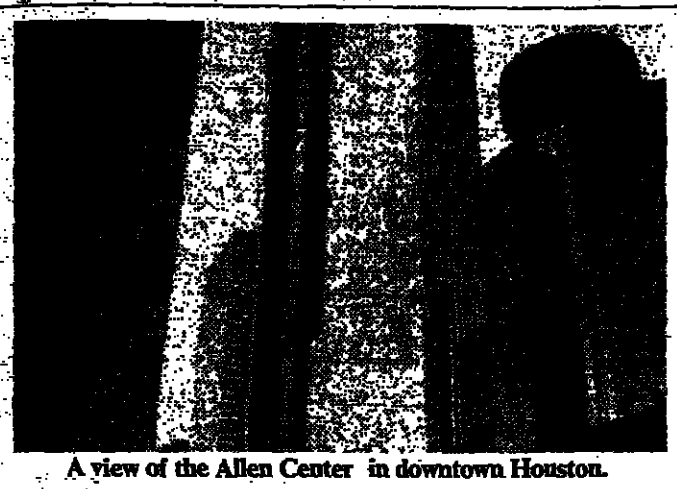
The latest competition won by Mr. Graves was for a new building for Humana Inc., a health-care company in Louisville, Kentucky. In an essay appearing in a book on the competition just published by Rizzoli, architectural critic Vincent Scully said he believed Mr. Graves' design "means that downtown Louisville has seen its last sleek glass and steel cigar box of a building." Mr. Scully added that he hoped Mr. Graves' triumph will have the same impact on many other cities as well, although such a prospect seems very unlikely.

Mr. Graves' design, which Mr. Scully noted derives in part from Joseph Hoffmann's 1914 Austrian Pavilion at Cologne, looks like an early electric razor.

The building will have a fountain inside a loggia, a health club in the tower from which a small balcony protrudes that is supported by steel braces to "recall" the nearby river bridges. It is clearly another post-modern monument like the Portland project and is also likely to stir controversy.

The design submitted by Norman Foster of Foster Associates — whose impressive and innovative plan for a new building for the Whitney Museum of American Art was rejected in favor of an unpublished design by Mr. Graves — was a "high-tech" cylinder and spire.

Mr. Foster's spectacular designs (Continued on Page 125)



A view of the Allen Center in downtown Houston.

### WASHINGTON, D.C.

THE CAPITAL is not just a governmental center but is also a cultural mecca and an increasingly corporate city. In 1980, the Metropolitan Washington Council of Governments announced that the private sector had surpassed the Federal employment level. It projected that by the year 2000 Federal employment in the metropolitan area will be less than 20 percent.

The area between the closed and formerly grand Union Station and 15th Street is the scene of widespread development activity and rehabilitation, with about 50 projects with a total of more than 13 million square feet of office space now under way or planned, many stimulated by access to the new subway system, the new convention center and the planned refurbishing of Pennsylvania Avenue. One of the most impressive and largest projects under construction is the 1.01-million-square-foot 1300 New York Avenue designed by Skidmore, Owings & Merrill, which will have an Italian palazzo-style central atrium.

The landlord's market of the past several years, according to the Washington office of Cushman & Wakefield Inc., is becoming a tenant's market, with rent abatements and tenant work concessions and some resistance to rents in the \$30 to \$35 range. Vacancies have risen to more than 5 percent in the city and are about 8 percent in the Virginia suburbs and more than 10 percent in some Maryland suburban areas.

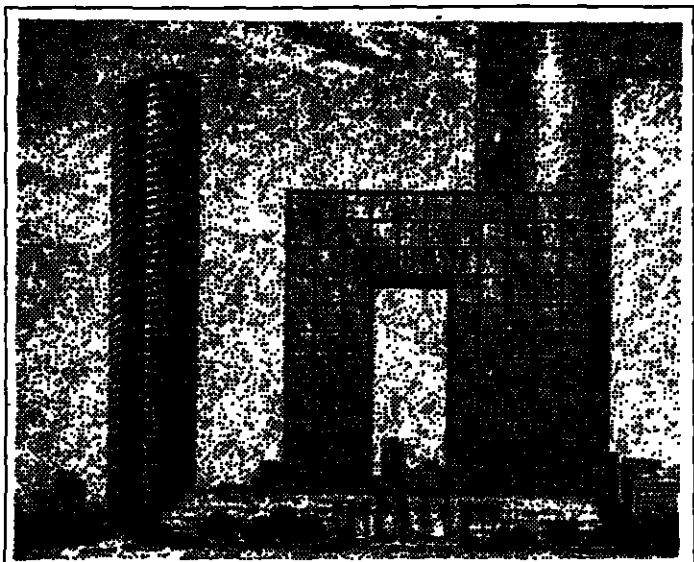
A partnership of Galbreath-Ruffin Corporation in New York, Macomber Development Associates of Boston and the Four Seasons Hotels Ltd. of Toronto has begun construction on an \$85-million hotel and condominium project facing the Boston Public Gardens. At Copley Place, a \$450-million multi-use project is under construction and will include two Marriott hotels, four office buildings with about 850,000 square feet of space and a Neiman-Marcus department store, as well as some apartments and other retail facilities.

### BOSTON

WITH ITS HISTORY and premier educational and cultural assets, Boston was an attractive and important city. With its City Hall, the John Hancock, Federal Reserve Bank and First National Bank of Boston buildings, and its subway-stop airport, Boston in recent years has become a modern city of great substance — and about 20 million square feet of office space.

While leasing has eased slightly, the city's vitality and the high-tech orientation of its region has begun to attract national developers, such as Rose Associates of New York, which is building, with Metropolitan Life Insurance Company, a 46-story office tower known as Dewey Square Tower, which is scheduled for occupancy in early 1984, and Olympia & York, which is building a 40-story office tower at 53 State Street.

Edward J. Minskoff of Olympia & York, noted that Boston is a "strong" market, which is not likely, because of its relatively small size, to see any considerable overbuilding. He said that preleasing at 53 State Street has been impressive and that it will be about 90 percent rented before the end of next summer in advance of its opening. The reflective glass, one-million-square-foot tower, known as Exchange Place, is adjacent to the masonry-clad, nine-story Exchange Building, which is a landmark and to which it will be joined by a five-story-high atrium. Gerald D. Hines of Houston is building a 200,000-square-foot office building and 500-car garage designed by Skidmore Owings & Merrill at Harvard Square in Cambridge.



The Helmsley Center, Miami, by Arquitectonica.

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## NORTH AMERICAN REAL ESTATE

## U.S. Hotel Industry Enters Vibrant and Competitive Era

(Continued from Page 55)

room Park Hyatt was a big change for Hyatt. Mr. Schulze said, and the establishment of "a new standard of excellence" for the chain. "We believe there are a limited number of opportunities to build hotels like this in major cities," he said, adding that such cities included Washington, Los Angeles and New York. In addition to the elegant design of its public spaces and guest rooms, the Park Hyatt has two "corporate board" rooms for the use of its guests who are provided with velvet robes, elder-down comforters, bottled waters, sachets and an impressive array of vanity amenities.

Many medium-size cities, such as Baltimore, Pittsburgh, Buffalo and Tampa, appear to be strengthening their prospects, in part, Mr. Schulze noted, because they can sell an agreeable lifestyle that is broad enough to support substantial cultural and sporting activities and yet not so large as to be municipally unmanageable. Hyatt, for example, recently opened major new hotels in Baltimore, Austin, Texas, and Greenville, South Carolina, all of which, Mr. Schulze said, are doing well, and it is preparing to open a preservation and expansion project in Buffalo involving the landmark Genesee Office Building.

It recently went the preservation route successfully in Fort Worth in its rehabilitation and expansion of the landmark Hotel Texas where it preserved its facade, created a small "shed" atrium and added a new tower. "Old hotels can compete very well in rates," Mr. Schulze explained, adding that he expects there will be more adaptive reuse projects.

The recently opened Queen Anne Hotel in San Francisco illustrates both the trend to small luxury hotels and to preservation. The handsome 49-room hotel is a Victorian structure that had become a rooming house until it was completely refurbished by developer Jerry Vogel with modern conveniences, antiques, reasonable rates and a high level of service, including the availability of a chauffeured limousine, a housekeeper system to inform hotel guests wherever they are in the city of important messages, as well as complimentary continental breakfast and free morning newspaper.

An area that most industry experts agree will grow significantly is resorts. Mr. Schulze cited San Diego as a major emerging growth market and said that Hyatt was also opening up hotels next year in Long Beach, California, and Orlando, Florida. Mr. Schulze said that at least half the opportunities that come to Hyatt are mixed-use and many are suburban, such as

the Carnegie Center in Princeton where a 350-room Hyatt will open next year.

In addition to substantial growth in suburban markets, airport hotels are a strong market segment. At the new Dallas-Fort Worth Airport, the Amfac Hotel and Resort, reached by the airport's own railroad system, is the largest of its kind in the world with a total of more than 1,400 rooms in two separate towers connected by skywalks and motorized cars. One of its restaurants, Sullivan O'Shaughnessy's Bar and Grill, is one of the most attractive restaurants in the country.

In the last decade, probably the most significant development in the hotel industry has been the opening of hotels comprised entirely of suites, such as those opened by the Granada Royal and Guest Quarters chains. Rather than attempting to be all things to all travelers, these hotels have opted not to provide substantial meeting and dining facilities but to concentrate on the guest rooms. The larger accommodations are attractive to business people who like to entertain and to traveling families and have proven to be very popular.

The number of competitors in the industry is impressive and virtually all are actively developing new properties. In the luxury market, Trust House Forte, which will operate the new Pavilion in the large Miami Center project, is refurbishing two hotels in Manhattan, the Westbury and the Alrae. Four Seasons, which operates the recently opened Mandalay at Las Colinas near the Dallas-Fort Worth Airport, recently opened a major hotel in central Houston. Weston is opening a new hotel in Boston next year and one in Denver in 1984.

The Ramada Hotel Group is undergoing significant upgrading under the leadership of its president, Juergen Bartels, who said he is looking for a site for a relatively major hotel in New York "as a No. 1 priority" and plans to operate a new 1,033-room hotel under construction in San Francisco. Mr. Bartels said that convention hotels are not as desirable as medium-size hotels of about 300 rooms. "Single women, for one reason, are embarrassed" in the convention hotels, he explained.

The traveling single women, he said, is an increasingly important segment of the business, and he emphasized a reorientation toward such customers for his operators that includes placing them closer to the lobby, on interior — rather than exterior — corridors and instructing bartenders not to send them drinks unless they are first

asked. "Women," he added, "are into other things than pink."

Mr. Bartels said that in the last three-and-a-half years he has "let go" 110 franchise hotels out of a total of 530. He has replaced some with bigger and better hotels and spent more than a quarter of a billion dollars in the process, which he described as a "great leap." He said that in the last year and a half, Ramada is the only major chain to have an "occupancy up-cycle," despite generally depressed market conditions.

In the last 15 months, Mr. Bartels has visited about 220 Ramadas, many of which were "built in the meadows," but have had "whole towns" spring up about them. His approach is to give the operator a week to agree to upgrade his facility or sever ties. To upgrade its image, Ramada has launched a new group known as Ramada Renaissance and in the last 18 months or so has opened six hotels and has 17 others in construction.

John Portman, the Atlanta-based architect and developer, is involved in two of the largest hotel projects, the long-delayed and controversial hotel on Times Square in New York, which was recently redesigned in light of the city's abandonment of a proposed street-closing to create a large plaza in front of the hotel, and a 1,800-room hotel in Atlanta. Both hotels will be operated by the Marriott chain.

Whereas the Times Square hotel, which involved the controversial demolition of several theaters as well as the 34-story Piccadilly Hotel, will be rather monolithic in appearance with emphasis on its full-height staggered atrium, the 53-story Atlanta hotel will be a dramatic skyline. Rising from a six-story podium base with its own convention facilities, the hotel's tower will shift from an oval to a rectangular plan and will also connect to the architect's earlier Peachtree Center project when completed in 1985 as well as Atlanta's new subway, which is being extended to the city's airport.

Perhaps the hottest hotel market in terms of new construction is New Orleans where several thousand rooms are under construction in anticipation of the 1984 World's Fair there. The Sheraton Corporation is completing a 49-story new hotel and has planned a 500-room second phase that involves the inclusion of two 19th-century facades. Another interesting new project in New Orleans is a 14-story Incontinent Hotel designed by Perez Associates for Pan American Life Insurance company that will have an elaborate musical fountain, large aluminum tree sculptures and anamorphic projections

to intrigue visitors with optical illusions.

Foreign investment in hotels is significant. Meridien, which is affiliated to Air France, has opened major hotels in New York and Houston, and Novotel is building a 430-room hotel on Broadway at 52d Street in New York atop an existing four-story commercial building. The Gruzen Partnership is the architect for the New York project for the Novotel, which has also opened a hotel in Minneapolis and is planning one in Houston.

Rene Hatt, who recently converted the former offices of Paris Match into a luxury hotel in Paris, is nearing completion on his conversion of the former Gotham Hotel on Fifth Avenue in New York into the Nova Park Hotel, which will feature a wide variety of eating and drinking facilities as well as a rooftop health club and unusual suite arrangements designed by Stephen Jacobs.

Except for San Francisco, the nation's "hottest" hotel market in terms of the existing market, occupancy is off in almost every mar-

ket, Mr. Bremer said, and rates have dropped. San Antonio and Phoenix and Atlanta are markets that are improving, he said, adding that New York occupancies will probably fall to 71 percent this year from 74 percent last year.

New or expanded convention facilities are very important to hotel growth, Mr. Bremer emphasized, citing such developments in New York, Atlanta, Washington and Atlantic City that are likely to hurt some other cities with less convention business, such as Boston, Philadelphia and Baltimore. At the same time, he said, airline deregulation will begin to hurt many secondary convention cities as airline service decreases and fares increase.

Gambling will be an important area of future growth for the hotel industry as well as resorts. "In the 1990s, recreation will be more important," Mr. Bremer continued. He said that "time-sharing, which has had bad problems, will become more important as leisure time will increase without a reduction in the cost of secondary housing."

While national time-share sales slowed during the last year, some industry experts maintained that the time-share concept was maturing and would improve. Ken Miller, president of the Miller Marketing Network, of New York, said that the industry "is seeing a better breed of developer, better industry safeguards, more creativity and far more sensitivity to the needs of the consumer."

Leisure Club International of Austin, Texas, for example, has introduced a program known as "Flexi-Share," designed to overcome two of the most common weaknesses of resort time-sharing: lack of schedule flexibility and limited choice of facilities. The program guarantees its clients a choice of the five year-round resorts owned by Leisure Club International.

Resorts Condominiums International, one of the major time-share exchange networks, reported that its time-share sales figures had climbed to about \$1.5 billion in 1981, against about \$600 million in 1979 and \$200 million in 1977.

## New York Office Market Weathers Recession

(Continued from Page 55)

AT&T building's gilded rooftop statue, the Spirit of Communications, used to be one of the city's most famous and visible skyline ornaments, but it has been removed to go into the lobby of the company's new building on Madison Avenue at 56th Street. Another example of a noteworthy building not designated as a landmark is the Bank of New York headquarters. The bank's two limestone skyscrapers, at 48 and 52 Wall Street, one topped with an enormous eagle and the other with a Greek-style temple, are adjacent to a vacant parking lot and have been threatened with demolition for several years.

The commission also did not consider the Biltmore Hotel, which was designed as part of the Grand Central Terminal complex, worthy of designation, although it subsequently sought to preserve a clock in the hotel's lobby in response to protests during demolition. The area is being reconstructed by the Milstein family into an office building, with the Bank of America as a major tenant.

As many major projects are taking shape, it is clear that the traditional separation of the city into two major business districts, midtown and lower Manhattan, has become more complex. Midtown still draws on its transportation terminals for strength, but those patterns are changing.

The new cluster of development in the East 50s is moving the corporate center of gravity northward from Grand Central Terminal. Park Avenue remains the most prestigious business address, but the chic style of Fifth and Madison Avenues in the mid-50s, reflecting the increasingly international flavor of the city less oriented toward the suburban bedroom communities, is the new focus of New York.

West midtown is benefiting from the city's new midtown zoning that seeks to divert development pressure from the east side and the fact that several major projects under way are bound to improve the area. These are: the new Lincoln West development, with 4,300 apartments on the railroad yards near the Hudson River south of Lincoln Center and just to the north of west midtown; the new convention center on the Hudson River at 34th Street; and the new hotel on Times Square designed by John Portman, the At-

lanta-based architect and developer.

In addition, the most important project of the future is the redevelopment of West 42d Street between Eighth Avenue and Broadway. The project has been approved after years of controversy. A resolution of the drawn-out controversy over the immense Westway project to rebuild the West Side highway and create new parks and land for housing along the Hudson River waterfront is also likely in the not-too-distant future. Some environmentalists and community groups have opposed the project and argued that the federal funding for it be allocated for improving the city's mass-transit system rather than its major peripheral road.

The high rent levels of midtown have spurred an upgrading of many loft properties in the midtown south area as well as encouraging "loft-conversion" projects even further south. The continuing improvement, largely through residential conversion, of the valley between lower Manhattan and midtown has created many new alternatives for professional and service companies and creative organizations unable to afford the higher rents of conventional offices.

This shift is likely to increase as lower Manhattan's two major projects, Battery Park City and the South Street Seaport, significantly begin to alter the character of downtown into an area that people will want to visit and to live in rather than only to work. In advance of the seaport's expansion as a tourist and retail center, several new medium-size buildings are under construction nearby along Water Street. Water Street, along with Third Avenue, have become the city's most diverse boulevards in terms of new architecture. By their waterfront orientations and connections to the non-grid street pattern, these downtown projects also will reinforce the far livelier architectural ambience of lower Manhattan compared to midtown's grid and traffic.

The redevelopment project for West 42d Street between Broadway and Eighth Avenue has been approved, but the designated developer of an apparel mart component recently dropped out. The project, whose master design by Cooper Eckstut Associates was created and approved in a remarkably short period by New York City standards, calls for a complex mix of preserving many of the existing theaters while building several new office towers within very rigid design guidelines and height and setback requirements. The guidelines recall Art Deco massing and permit little architectural freedom. The same firm produced the revised design guidelines for Battery Park City with similar nostalgic motifs that also precluded the creation of towers as tall as many being erected in cities across the country and even one in a Houston suburb.

The bias of these design guidelines, as well as the city's new midtown zoning in favor of mid-rise rather than high-rise buildings, results largely from strong campaigns by much of the city's design establishment, such as members of the Municipal Art Society. Their perception is that New York was too congested, despite a loss of almost 825,000 people in the last decade, and that tall buildings were the culprits.

In the process, little attention has been given to the fact that much of the perception of crowding stems not from looming, tall buildings, which are far less ominous in the city's close and cozy streets than in more spacious environments, but from the explosion

of peddling activity on the streets, suburban buses that park on the sidewalks rather than use the bus terminal, and the continuing problems of too many private automobiles and congested and dirty subways.

Surprisingly, discussion also has ignored the fact that high-rise buildings are the predominant characteristic of New York, which originally made it different and distinctive from other cities. Now, the rest of the world has begun to catch up and encourage spectacular architecture.

For many visitors and residents the peddlers' flaunting of laws that prohibit their activities in most areas, such as Park, Fifth and Madison avenues, has made a mockery of law-enforcement and planning in the city.

The latest report on 150 prime midtown office buildings by the Edward S. Gordon Company, a leading real estate sales and leasing company, indicated that "the supply and demand of prime office space in midtown Manhattan continues to be in equilibrium."

The average asking rental rate, it declared, "declined from \$41.73 in the second quarter to \$40.28 per square foot in the current quarter, a decline of \$1.45 per square foot, or 3.5 percent. In the 12 months ending September 1982, the asking rate increased \$1.64 a square foot, or 4.2 percent. The total vacant square footage in midtown decreased 225,000 from the last quarter resulting in a current vacancy rate of 4.43 percent. The narrow range of fluctuation in the vacancy rate of 4.1 to 4.5 percent over the past year further emphasizes the stability of the midtown market. A square foot equals 1,048 square meters.

The report noted that the average asking rent, excluding buildings under construction, for existing buildings on Park Avenue was \$48.24 with a range of \$31 to \$75, on Fifth Avenue it was \$43.65 with a range of \$25 to \$65, on the Avenue of the Americas it was \$40.16 with a range of \$28 to \$50, on Madison Avenue it was \$35.25 with a range of \$30 to \$45, on Lexington Avenue it was \$35.03 with a range of \$26 to \$39 and on Third Avenue it was \$32.98 with a range of \$28 to \$41.

The asking rentals have been very stable since April 1981 after climbing steeply from \$11.69 in November 1977. The Gordon report concluded that "any upturn in the national economy could increase leasing activity, causing a tightening of the supply of prime office space."

Downtown, the Gordon company reported that its survey of 85 prime office buildings indicated that the overall vacancy increased in the third quarter from 2.6 percent to 3.5 percent, but that the market remained "relatively stable" with the average asking price per square foot increasing from \$28.32 to \$30.08, a 6.2-percent increase "caused by some large blocks of higher price space coming on the market."

Simon Milde of the New York office of Jones Lang Wootton concurred with his analysis of the midtown market, finding that midtown vacancies had climbed from 2.04 percent in December to 3.79 percent in the third quarter of this year "due to 4.75 million square feet of new construction." He noted that "another 4.3 million will come on stream in 1983 of which 50 percent is pre-leased and midtown absorbs 3.5 to 4 million square feet annually." He noted that rents were stable, with some dropping off 5 to 10 percent.

Jerry L. Speyer of Tishman & Speyer Properties, which has just

(Continued on Page 125)

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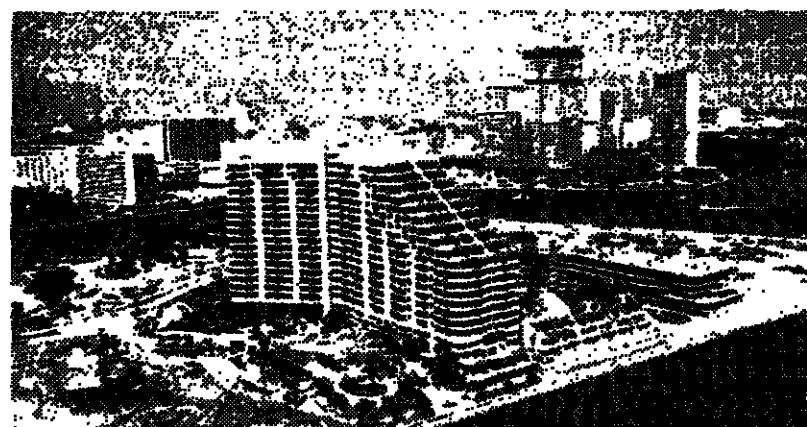
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### After Golden Age in the 1970s, Housing Comes Down to Size

CHICAGO — In September, the cover of *Nation's Business* magazine showed a family of four looking at a large color photograph of a multi-level house in a gilded frame in a museum-like setting with the caption "Housing Era Ends."

That era, described by some as a Golden Age, was the decade of the 1970s when housing production averaged about two million starts a year, about twice the average of the previous decade and almost twice the annual rate forecast for 1982.

Production, however, is only one measure of the changing housing market and the worst U.S. housing recession since World War II. It is dramatic, but nevertheless important and perhaps historic, changes are occurring in house size, amenities, location, financing, demand and the amount of home ownership.

The article in *Nation's Business* noted that average single-family house size had decreased from 1,655 square feet (150 square meters) in 1978 to 1,550 in 1981 and forecast that they would decline to less than 1,200 by 1985. At the same time, it observed that whereas only 12 percent of the homes built in 1978 had fewer than three bedrooms, this figure had climbed to 21 percent in 1981. In the last year or so, according to the National Association of Homebuilders, the number of homes with full or partial basements declined as did those with garages or carports and four or more bedrooms.

Some developers are counting on a quick reversal of the long trend of declining consumer expectations. In the San Francisco Bay area, multi-unit houses of about 450 square feet are being marketed and one project recently completed in San Pablo, California, by Jerry Fesley, with a grant from the U.S. Department of Housing and Urban Development, emphasized a do-it-yourself approach. This new project offers, for about \$60,000, a 700-square-foot home that the developer maintains could be doubled in size at the rear of the lot for between \$10,000 and \$15,000 if the owner does all the work himself. The project will also offer two-story houses with a finished ground floor but only a roughed-in shell upstairs for about \$80,000.

But such relatively extreme departures from recent convention in building size and finishing as these do not begin to tackle the greater housing problems of costs, not only of inflated land, labor and material, but of financing. The long-term, fixed-rate mortgage at rates below inflation will be "permanently relegated to history in the 1980s," according to George Sternlieb, James W. Hughes and Connie O. Hughes, authors of "Demographic Trends of Economic Reality," just published by the Center for Urban Policy Research at Rutgers University in New Brunswick, New Jersey.

According to the U.S. League of Savings Associations, the number of first-time buyers with conventional mortgages declined from 36 percent in 1977 to 13.5 percent in 1981 when half of all conventional mortgages were either renegotiated, as opposed to fixed-rate, or some form of adjustable rate loans.

The bewildering and volatile array of financial arrangements has not only the consumer but the lender and the developer confused. The American dream of a modest, but comfortable, private detached house has become a virtually unattainable quest for most people wanting to acquire their first home and increasingly many Americans are finding themselves in a two-tier society of those who have already entered the home-ownership cycle and those who might never.

Both tiers are hurting. In September, the Mortgage Bankers Association of America estimated that 140,000 American homes were in foreclosure, a 65.6-percent increase over last year. And in August, the U.S. Census Bureau reported that for the first time since it started recording the rate of homeownership in the United States is decreasing. In 1980, 36 percent of American households were homeowners. In 1981, this number had climbed to 64.4 percent, but the bureau reported that it has since fallen to 63.6 percent as more new households choose or are forced to rent.

In an article in the September issue of *Across the Board*, the Conference Board magazine, Mr. Sternlieb and Mr. Hughes argued that the evolution in the country's banking and capital markets was costing out its favored financing strategy and that the country was "in the process of dismantling the very apparatus that has woven together our social and political fabric since the Great Depression... [and] moved America from a land of renters to one of owners." That apparatus, they maintained, was "the social compact of the potential of home ownership" that had permitted the United States to be one of the few countries in which the rich are not hated — "they may be envied, but are not life-threatening."

In August, the Urban Land Institute, the Washington-based organization concerned with real estate development, issued a "statement of concern about the housing situation" that declared the "disastrous situation of high real and nominal interest rates over an unprecedented period of 2½ years, imposing severe and disproportionate economic burdens upon all interest-sensitive activities, especially the homebuilding industry and millions of American households trying to buy homes for the first time."

The basic problem, it declared, is that too few households can afford to make the payments necessary to purchase either new or existing homes because of interest rates. In 1975, the median priced new house sold for \$40,000 and could be purchased with 20 percent down at 8 percent interest, resulting in monthly mortgage payments of \$247. By

1982, the institute said, median priced new houses had gone up to \$70,000, but interest rates had soared to 16.5 percent. As a result, it concluded, the same buyer would have monthly mortgage payments of \$783.

Furthermore, it pointed out that "the real burden of the 1975 buyer's mortgage payments was reduced over time because inflation rapidly raised both household incomes and home prices, but left mortgage payments unchanged. But now lower inflation will increase both household incomes and home prices less rapidly, keeping the much greater real burden of mortgage payments from falling as fast over time."

Noting that sales of existing single-family homes have dropped about 50 percent from the 1978 level, the institute reported unemployment in the homebuilding industry of more than 20 percent and widespread bankruptcies among supply firms. The institute urged the creation of a short-term, below market financing program for first-time homebuyers and households forced to move for job related reasons; the easing of pension fund rules to encourage investment in housing; the changing of tax laws to allow the establishment of tax-exempt savings accounts for nonhomeowners who would use such funds to buy a home; the liberalization of restrictions on the use of state and local tax-exempt revenue bonds for financing home purchases and an increased emphasis on deregulation at federal, state and local levels to reduce housing costs.

The immediacy with which such proposals are attacked may be fueled by the nation's changing demography, which is. If anything, increasing demand for housing, and the recent decline in interest rates has only slightly eased the housing recession. While the annual increment growth rate for the United States' population has fallen from 1.73 percent in 1970-1971 to 0.86 percent in 1979-1980, the number of households is increasing as the average household size has decreased from 3.37 persons in 1950 to 2.75 persons in 1980. New households were formed at a rate of 1.7 million a year during the 1970s, against a 1.06 million annual average in the 1960s. The National Association of Home Builders estimates that the average will be almost 1.8 million during the 1980's.

The Joint Center for Urban Studies of the Massachusetts Institute of Technology and Harvard University has estimated that from 1975 to 1990 the traditional one-worker, husband-wife household will decline as a percentage of all households from 25 percent to 14 percent. In 1960, it was 43 percent.

As people live longer and have fewer children, Mr. Sternlieb noted, the aged dependency ratio is climbing upward, while the child dependency ratio has declined sharply. He said, "With the new age structure and household patterns, at least part of the rationale for suburbia is removed."

The nation's problems are compounded, Mr. Sternlieb asserted, by demographic changes. "Suburban flight has given way to regional shift that leaves 'fractured landscapes' in the vacated areas that are 'not easily scaled down nor abrogated without adding impetus to the very process of decline' and which, on the other hand, impose new economic strains to create in the areas of relocation. The South and West represented 55.8 percent of U.S. population growth in the 1950s, he said, 61 percent in the 1960s and 89.9 percent in the 1970s.

"The mythology of a leisure society is giving way to the reality of an adult work society," he said, citing the fact that while the working-age population of the United States increased by 55.9 percent from 1950 to 1980, the labor force increased by 68.3 percent because of the expansion of female labor force 142.4 percent over the past 30 years to 51.6 percent in 1980. More than three out of five married women with school-age children now work, he said. While average weekly earnings have increased by 343.6 percent in the past 30 years, median family incomes have soared by 533.4 percent.

Mr. Sternlieb cautioned, "At the very least, going it alone may be economically hazardous," and there is a major economic gap between single-person households and multiple worker households. The remarkable rise in real estate values in recent years reflected what he termed "a post-shelter mentality" in which a home became a much more important refuge from inflation than from the elements, "with housing speculation assuming the role of a middle class collectible."

The median price of new homes in July, 1982, was \$73,600, up 5.9 percent over 1981. In 1972, the figure was \$27,600. According to the National Association of Realtors, the existing home median price in July was \$69,200, with a high of \$100,300 in the West, against \$55,300 in the North Central area, \$69,900 in the South and \$64,000 in the Northeast.

Last year, the top five in housing starts were Houston with 44,300; Dallas, 29,800; Phoenix, 22,907; Los Angeles-Long Beach, 21,768; Atlanta, 18,480; Tampa-St. Petersburg, 17,530; West Palm Beach, 17,251; Washington, D.C., 15,820; Miami, 15,806; Denver, 14,314; Seattle, 13,190; Riverside-San Bernardino, California, 13,141; and New York, 12,745.

There has been some recent general improvement. In September, a 14.4-percent increase in housing starts was reported, which was largely due to a 29.7 percent jump in starts of apartment buildings resulting from the government's decision to speed authorization of some federal subsidies under the Section 8 program. But federal housing subsidies are not in favor in the current administration, which prefers a voucher program to help tenants meet their housing costs and is for the phasing out of new construction subsidies.

Nevertheless, the recent substantial decline in interest rates has seen an improvement in the housing market. Federally guaranteed mortgages in October were about 12.5 percent, against a peak of more than 17 percent last year. Experts were predicting an upturn in sales and production, but not one that was quick or strong.

Citicorp Real Estate Inc. reported in November that, ending a two-year freeze, a very limited amount of mortgage money is becoming available for new apartment projects, but the lenders will only consider outstanding projects in a selected few Sun Belt markets, capable of eventual conversion to condominiums.

The recovery, according to the National Association of Home Builders, should be strongest in the South and West and in states with large defense or high technology industries, such as Connecticut and Massachusetts, and will remain flat in the North Central states. Existing home sales are about 25 percent behind last year and a recent Supreme Court ruling that Federal institutions may enforce due-on-sale clauses will negatively affect many markets by not permitting the existing financing to be assumed by the new owner.

According to U.S. Housing Markets, a quarterly report published by the Advance Mortgage Corporation in Detroit, the housing market in the United States in the first half of 1982 was "the most skewed in history." While the U.S. housing market is having its worst year since World War II, Texas is enjoying its best ever, the report found, as a fifth of all permits in the country in the first half were issued in Texas, with Houston alone accounting for 9 percent of the country's total.

The strong markets in Texas, Atlanta, Orlando and Oklahoma City were not expected to get stronger in the second half of the year, regardless of declining interest rates, as they are also beginning to feel a slowdown in job growth. The report predicted that recovery in the housing market will be slow and "will follow rather than lead recovery from the recession." It forecast that there will be 1 million starts for the year based on the second half of the year being 20 percent better than the first half.

Of the 400,000 multifamily housing starts for the year, it estimated that they would be divided evenly between condominiums, unsubsidized rentals and subsidized units. Mobile homes would be the only strong housing sector with shipments up about five percent from last year to 250,000.

Robert J. Mylod, president of Advance Mortgage, suggested, "The inventory of unsold new homes is even larger than the national data can convey. At current sales rates, it may be as high as 1½ years in single-family and close to two years in condos. Since 1980, there has been a high cancellation rate among home buyers — buyers can't qualify or they can't sell their old home. It appears to average about 20 percent nationwide and approaches 40 percent in some markets."

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## NORTH AMERICAN REAL ESTATE

### Canadians, Facing a Downtrend at Home, Venture Into U.S.

**TORONTO** — After outperforming the United States in growth of real gross national product in the first half of the 1970s, Canada has fallen on hard times, reflected by the fact that in September its seasonally adjusted unemployment rate rose to 12.2 percent, the highest since the 1930s.

With a national deficit approaching \$20 billion, an unsettled internal political climate, and restrictive, nationalist investment policies, Canada's short-term prospects for a strong recovery are by no means certain.

Canada's real estate prospects, however, are not as bleak, except in its boom towns of Calgary and Edmonton, because its major developers had concentrated more on projects in the United States than at home. This is not to say that the Canadian development community is in good shape, but merely that its older major markets are not too seriously overbuilt. With the exception of Montreal, where language requirements have shunted new development to less contentious climates, such as Toronto, the major cities are strong.

Toronto, for example, completed six million square feet (540,000 square meters) of office space last year, and is widely regarded as the best planned city on the North American continent and one of the world's most attractive 20th-century urban showcases. Its primary assets include an excellent subway, a vast underground concourse system, suburban growth clustered about transit nodes, a system of design review of new construction, and its cleanliness, as well as six world-class architectural attractions: the 1,815-foot-high (544.5 meters) CN Tower; Ontario Place, its futuristic waterfront recreational, cultural and education facility; the glittering new Royal Bank of Toronto Building designed by Boris Zaslavsky; the modern

curved city hall and arched plaza; the impressive Eaton Center shopping center; and the just opened Roy Thomson Concert Hall, a reflective glass, convex, circular structure designed by Arthur Erickson. Erickson also designed the new law court center in Vancouver, a three-block-long complex of cascading stairs, pools, waterfalls, skylights and structural bravura.

In the last decade, Canadian developers rose to continental prominence as the most active, aggressive and audacious builders. Their emergence as not only major economic forces in Canada but even more so in the United States was fueled primarily by the steep rise in land values in western Canada related to oil discoveries and by the developers' willingness to back their individual projects with their full faith and credit, thus becoming the recipient of enormous financing by Canadian banks. U.S. developers, on the other hand, have traditionally formed separate companies for each project to limit their overall exposure.

Ira Gluskin, a security analyst with Brown Baldwin Niskier Ltd., in Toronto, observed that some Canadian developers "are beginning to see that it's nice to adopt the American practice, just as American lenders are beginning to want to adopt the Canadian practice." The Canadian developers' "invasion" of the United States reflected in part a saturation of the local markets at the time and the fact that they entered the U.S. market during a recession when they were strong and their U.S. counterparts were weak. Mr. Gluskin said, "The problem was that the Canadians kept on expanding, as did everyone else, and they dissipated some of their strength by also overborrowing too much on a short-term basis."

The only public Canadian real estate companies, according to Mr. Gluskin, that "are unequivocally viable because of their very significant levels of rental

incomes, although they all have problems, are Cadillac Fairview, Trizec Corp. Ltd., Bramalea and Campeau." The other companies, Daon Development Corporation of Vancouver, Nu-West Group Ltd., of Calgary, Carma Ltd., and Genstar, were considered unviable three months ago, he said. "Today some specialists feel they can come back and they have recently improved on the stock market because of the general view that lower interest rates will help housing. All of these companies are very heavily land- and housing-related with a high degree of short-term debt." Daon, whose assets quadrupled in four years to about \$2.3 billion in 1981, at one point was carrying an estimated \$750,000 a day in interest charges.

Some of the largest companies are private, such as Olympia & York Ltd., which has concentrated on commercial development, and the Oxford Development Company, which went private three years ago and has a mixed portfolio.

Earlier this year, Cadillac Fairview decided to reorganize its portfolio and is in the process of selling off its substantial residential inventory and moving from a real estate conglomerate of about \$3.2 billion worth to an exceedingly strong position as a commercial developer with assets of about \$1.3 billion in new, prime properties. Michael V. Prentiss, president of Cadillac Fairview Urban Properties, the U.S. subsidiary, noted that 48 million square feet of the Canadian company's 53.7 million square feet of finished space and space under construction is leased, and maintained that the Canadian company's foreseeable future is in the United States.

The land companies are in the process of tremendous asset reductions and some of the others, like Cadillac Fairview, are not initiating anything new.

Mr. Gluskin noted. Canadian banks, he added, "are a lot sharper and more meticulous now."

While Trizec, the largest Canadian developer, which several years ago acquired Ernest W. Hahn's shopping center company in the United States, was atypical in its financing approach and was similar to U.S. developers, the others may be changing. While it has not been disclosed, it is probable, Mr. Gluskin maintained, that Bramalea's new joint venture with a development arm of the Prudential Life Insurance Company of a new 70-story tower in Dallas will be financed the U.S. way, that is, on an individual basis.

Calgary and Edmonton are boom towns that have been "way overbuilt with a lot still coming on stream," Mr. Gluskin said. He said that the best market of all is Ottawa, because there has been a lack of building there.

Mr. Gluskin added, "While housing is recovering at the bottom end quite smartly, especially in Toronto, land is still very slow, as is industrial activity." In Toronto, a major new convention center is being developed at the base of the CN Tower, and the nearby railroad yards are being planned now for a major, long-range, mixed-use redevelopment by the CN railroad.

In Vancouver, the air rights over the Canadian Pacific railroad yards will be developed as the Marathon Waterfront Center, and while there has been a slowdown of new plans, the exposition in 1986 marking the city's centennial is expected to improve the market significantly. In conjunction with the fair, the city is building a new 60,000-seat domed stadium, a new convention center, a light rapid transit system and is hosting a major transportation fair, whose site, known as BC Place, will subsequently be a major mixed-use development.

### New York Office Market Weathers Recession

(Continued from Page 10S)

completed the slant-based, red granite Continental Illinois Tower at 520 Madison Avenue, said that "the trend is for more rehabilitation because it is cheaper and quicker." He was involved in the recent renovation of the large office building at 11 West 42d Street on Bryant Park, which installed its

own energy facility. Mr. Speyer also is installing an energy facility on his newest project, a 900,000-square-foot 18-story office tower at 375 Hudson Street in the South West Village. That building also will have its own computer record storage facility for tenants and a satellite communications disk. He said that rents for the Hudson Street building will be considerably lower than in midtown and attractive to "back-office" and primary users alike.

Edward J. Minskoff, executive vice president of Olympia & York, the Toronto-based developer that has become one of the city's largest owners of office space and the developer of the World Financial Center at Battery Park City, said that he estimated that the city has an annual absorption rate of 2 percent to 2½ percent of its inventory. According to a new report by Robert Lindsey, the director of the Research Center of the Real Estate Institute at New York University, the city contained almost 286 million square feet of office space at the end of 1981. Some reports have estimated that the United States has about 5 billion square feet of office space.

Mr. Minskoff, who said that Olympia & York was not planning to sell any of its New York properties, as reported and rumored in New York — but is exploring alternatives such as refinancing to take advantage of their great appreciation in recent years, was optimistic for the city's future. He noted that many more banks are expected to open offices and said that the World Financial Center, at which the American Express Company recently signed a \$2-billion lease, is "proceeding ahead of schedule."

Jerry L. Cohen of Wm. A. White & Sons, a leasing and sales company in New York, described the current market as "rational." He said that a slower pace of leasing in many of the new midtown buildings with relatively small floor size

is not unusual because "smaller space users do not make commitments long before occupancy of a building." At the same time, he added, large users, who had been hesitant and uncertain about the market, recently have begun to make major lease commitments which will be "a major lift to the market."

The New York suburbs are holding steady and the city's high rents have not stimulated a mass exodus of companies, but a "drift," according to William Mack of the Mack Company of Rochelle Park, one of the largest and most active developers in New Jersey. Mr. Mack, who is planning a 10-story office building in Woodbridge, New Jersey, said that Connecticut has lost some of its tremendous price and rent premium in the region, and Long Island, because of its high tech and aerospace orientation rather than industrial base, is doing well, even with a lot of new space coming along. Westchester, he continued, was not too sluggish, although parts of Bergen County in New Jersey were and the Princeton area was "questionable," considering how much space is planned for it.

G. Thomas Dadakis of Dadakis & Company in Greenwich, Connecticut, said that the supply of quality office space available for immediate occupancy in Fairfield County in lower Connecticut has increased 400 percent from last fall. "In an office market which had absorbed between 1.5 and 2 million square feet each year for 1978-1980," he said in November, "only approximately 200,000 square feet has been leased since our last report in spring 1982."

In a new report, the Regional Plan Association, a non-profit organization in New York, projected that the New York region from Trenton, New Jersey, to New Haven, Connecticut, would enjoy sustained growth in employment and total output over the 1980s and that the recent decline in popula-

tion would turn around before 1990.

By then, it continued, total employment in the region will climb from 8.9 to 9.8 million with most of the new jobs requiring white-collar skills and most of the increased employment occurring among women and minorities. Population, it said, which stood at 19.2 million in 1980 after declining for the first time in history from 19.75 million in 1970, will resume growth to nearly 20 million by 1990, although the region's growth will be at a slower rate than the nation's.

Minorities, it predicted, will increase from 28 to 38 percent of the region's population by 1990 and the mid-Hudson area, north of New York City, will grow the fastest, at 7 percent, while New Jersey will gain the most population, 400,000. Long Island and Connecticut, it added, will increase by less than 100,000 persons, and New York City, down by 25,000 since 1970, will remain stable.



New York Museum of Modern Art tower, under construction.

### Design: Local Firms Getting Contracts

(Continued from Page 9S)

for the Sainsbury Center in England and the Hong Kong and Shanghai Banking Corporation in Hong Kong have placed him in the vanguard of architectural innovation. In a recent magazine article he argued that design emphasis today should concentrate on contemporary context and the development of a richer vocabulary with which "to form a true vernacular of the day."

In his submission, Mr. Jahn called for "audacity" so that "in a positive way" the company "can be innovative, new, exciting, dynamic and full of surprise and fantasy." His design called for lifting an octagonal building off the plaza and, in corkscrew fashion, making its floor sizes gradually smaller toward the top by using diagonally placed, erector-set-like girders on the facade.

To a certain degree, such a positive approach reflects a growing perception among many architects that projects should not merely be sensitive to their environment but also expressive and evocative, regardless of whether their style is modern or historical.

In his new book, "Architecture as Theme," published by Rizzoli, German architect Oswald Mathias Ungers writes that "the need for a thematization of architecture means nothing if not moving away from the blind alley of pure functionalism or, at the other end of the spectrum, from stylistic aberrations and a return to the essential content of architectural language."

"Just as scientific research would soon begin to dry up without identification of hypotheses," he wrote, "a purely empirical architecture, that is to say, an archi-

ture without fantasy and ideas, descends into the extreme banality of purely functional adaptation."

There is certainly little tentative-ness in the recent designs of Arquitectonica. Its design for the 41-story Palace condominium project in Miami for Harry B. Helmsley, perched precariously "collected" a low red-stucco wing, with a protruding stairwell enclosed in reflective glass, with a high, slick aluminum-clad slab with a protruding stairwell enclosed in reflective glass. Like Charles Moore's Piazza d'Italia project in New Orleans, the Palace complex is entrancing in any context because of its originality and conceit.

In "After Modern Architecture," also just published by Rizzoli, whose expanding and indispensable catalog on architecture is widely introducing many of Europe's and Japan's leading architects to American audiences, Italian architect Paolo Portoghesi writes that "the post-modern world heralds the collapse and the unfeasibility of the grand, centralized systems with which one once attempted to explain everything." He observed that "the contemporary American panorama is extremely open and promising, and the orientation of the younger generation is increasingly distant from the tired professional re-elaborations of the International Style and from the mystery of technology for its own sake."

Only recently have some leading foreign architects begun to get American projects. Arata Isozaki is designing a Museum of Contemporary Art in Los Angeles. Renzo Piano is designing a museum for the De Meni family in Houston and James Stirling is doing a building for the Fogg Museum.

Apart from high-rise developments, true architectural adventure has been pioneered in the last decade much more so by Japanese architects, such as Minoru Takemura and Takerumi Aida, than their American counterparts. Europeans Mario Botta and Aldo Van Eyck, meanwhile, have demonstrated a greater sensitivity to social concerns.

Furthermore, as Deborah Berke notes in her introduction to "Rob Krier: Urban Projects, 1968-1982," the present period is one "when such pressing social issues as housing and the provision of a decent standard of living for all are not of primary concern to the majority of architects."

Citing Rob Krier as an "undoubted" exception, she wrote that architecture today "is at best a product of an intra-professional discourse, often largely concerned with the 'essential' language of architecture." Mr. Krier has argued that "there is no reason why building types used by extinct dynasties to design their residences and show their material wealth should not serve as a model for housing today." Two of the most impressive developments of any type in the world today, both designed by Ricardo Bofill and Taller de Arquitectura in Barcelona, do exactly that. They are the Palace of Abnès in Marne-la-Vallée and the Arcades du Lac in St. Quentin-en-Yvelines, both in France.

SITE, the New York-based design group whose "disintegrating," "pull-apart," "split-by-a-forest" buildings for Best Products Company and other commercial clients have consistently raised more fundamental questions about the nature of architecture.

(Continued on Following Page)

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## NORTH AMERICAN REAL ESTATE

# Volatility of Rates Likely to Temper New York Market Swing

**NEW YORK**—The recession, high interest rates and the expansion of new and the expansion of old residential enclaves have, together, New York City's housing market, but to a lesser degree than might have a few years ago before the city became a refuge for light capital from abroad and residential real estate became an investment bandwagon.

The softening in prices from frenzied speculation accelerated a long-overdue reassessment of residential values in New York City, not been a broad collapse. The demand for housing units has not shored as much as the their affordability and the difficult justification of sacrificing high yields from their kinds of investment.

As interest rates now are subsidizing, residential values are expected to rise, many experts to firm up and recover. The recent volatility of rates, however, is likely to temper any gains in the market, but would rates stay in the single-digit category for a while, many experts believe that the upward spiral of real estate housing will continue.

Although one large mixed-use project, not yet in construction, River Walk, along the East River, recently has encountered difficulties, others such as Battery Park City and Lincoln West are beginning to move ahead with several thousand new housing units after years of controversy. And, after a delay of seven years, New York State is going ahead with its plan for the second phase of residential developments, including about 1,000 units on Roosevelt Island in the East River.

The housing outlook for the city's less than well-to-do, however, remains bleak, especially as most U.S. government subsidies for new construction are ending. These substantial additions will scarcely quell the demand for moderate- and middle-income housing in the city, even though the city's population declined by more than three-quarters of a million in the 1970s. As evidenced by

the widespread upgrading and "boondoggling" of many areas, Manhattan's population is more affluent than it has been for a century or so.

In recent years, the value of a decent New York City residence, either rental or owner-occupied, apartment or house, has soared dramatically.

The fall 1982 survey conducted by Douglas Elliman of Gibbons & Ives of about 200 luxury cooperative apartment buildings in Manhattan, including about 13,300 apartments mostly on the Upper East Side, indicated that for the year that ended in August, the average equity selling price per room was \$78,123.20 as compared with \$66,739.51 the previous year and \$43,989.99 the year before.

In the year that ended in August 1977, the figure was \$12,679.54.

The Douglas Elliman Index, as it is known, showed a peak of \$93,261.65 per room in October 1981 and the average in August 1982 had actually fallen to \$64,710.72.

But while the average 12-month figure was higher in the last year, dollar volume of sales was off by about 10 percent and the number of apartments sold was off by about 20 percent in comparison to the year ending August 1981, and by more than 50 percent compared with the average year between 1976 and 1978.

The report noted that the average apartment sale price in its survey was \$429,000 last year and \$418,000 during the first six months of 1982, but fell during the second quarter of this year to \$393,000. It maintained, nevertheless, that there "exists considerable pent-up demand," adding that, considering the tremendous increase in values in just a few years, "one can readily understand that these prices are due for some adjustment."

"It is apparent from our data base," it continued, "that apartments in prime locations with fea-

tures that are prohibitively expensive to reproduce have shown less downward price adjustments than those in secondary locations with less favorable amenities."

Cooperatives, however, are only part of the picture as most new luxury residential construction has been condominium. In a cooperative apartment building, residents lease their dwelling units from a cooperative association in which they have purchased shares and to which they pay monthly carrying charges for common areas and the building's financing. In a condominium apartment building, residents directly own their own dwelling unit and pay monthly carrying charges to an association to cover the maintenance of common areas. The condominiums, therefore, generally are more expensive to purchase and less expensive to maintain than a cooperative. In addition, the condominium owner is not as restricted as a cooperative owner and need not seek approval of potential buyers from the board of the association in charge of the building.

Barbara Corcoran, the president of The Corcoran Group, a residential sales organization, noted that "in 1978, there were less than a dozen condominium buildings in Manhattan; today that number has increased to over 70."

At the top end of the market, she noted that condominium prices, on a per square foot basis, were stable, "whereas co-op prices fluctuate greatly depending on size—with the largest premium being paid for the largest co-op apartment." She reported that one two- and three-bedroom condominiums in "super luxury buildings in the most desirable locations" have an average sale price of \$420 per square foot, "whereas co-ops cost \$250, \$390 and \$470 per foot, respectively."

In the first half of the year, she said, only 7 percent of all purchases sold for the full asking price and buyers, on the average, offered 17.5 percent off the asking price

and were able to negotiate more than 10 percent off the original asking price. The report found that "only 10 percent of the successful sales in Manhattan during the first half of this year were to foreigners."

In the first half of this year, the report stated, average apartment rentals rose by 17 percent, while average co-op maintenance costs increased by only 4 percent. It estimated that average rental costs had climbed from \$525 a month for a 4½-room luxury apartment in 1973 to \$2,400 in June of this year.

Terence Tener, vice president in charge of the Manhattan office of Joseph J. Blake & Associates, real estate appraisers, said that rental housing may be due for something of a renaissance. His firm made a market study for the new, tall, spigot-shaped Tower East project built by Harry Macklowe at 420 East 54th Street.

"Co-op and condominium owners who recently bought into the luxury market," Mr. Tener declared, "are typically paying between \$4,000 and \$5,000 a month for four-and-a-half room units and that is not cost, after taking tax benefits into account. But apartments in buildings offering the same level of luxury and services can profitably rent at prices well below those figures."

Residential conversion projects continued to be popular in most parts of Manhattan, offering generally more space and architectural distinction than virtually all new construction. But most such projects have been aided by a tax incentive program known as J-51 whose success in encouraging new conversions recently has touched off a backlash against it among some community groups, thereby threatening the programs continuance.

The high costs of construction and the question of consumer affordability led some major developers to reconsider and postpone or abandon new residential

construction plans. There has been activity for several months on two prime, cleared sites on Madison Avenue in the low 80s, and two spectacular "needle" towers have not gone forward in the 50s and their small sites have since been significantly downsized.

Until recently, New York had few highly respectable neighborhoods whereas cities like London have virtually a score or more. Now, however, there is much more choice in location in New York as well as in the variety of housing accommodations.

Rose Associates, a major developer in New York, Boston and Washington, has just completed, for example, a very attractive enlargement of a small apartment house at 40 East 61st Street, a rather massive new high-rise commanding spectacular views up Fifth Avenue, down Broadway and over Madison Square Park in the heart of the city's most active emerging area of conversions, and an impressive conversion of a former office building on West Broadway in SoHo. The SoHo project contains one of the city's most spectacular apartments with an enormous circular, paneled and domed dining room with a stained-glass skylight. All three are condominiums.

A survey by Lewis B. Kaye of L. B. Kaye Associates indicated that the highest investment sales activity in the first half of 1982 in Manhattan was on the upper west side above 96th Street on Broadway, where William Zeckendorf Jr., is building a 35-story condominium project known as the Columbia on a site that had been vacant for several years.

The design quality of new residential construction in New York continues to be mixed, at best.

Some small projects have been interesting experiments. Pan Am Equities, for example, recently completed a redevelopment of a carriage stable property that retained the old low-rise building at 116 West 32d Street and erected a tower behind it and over a five-story-high "anti-atrium" lobby, designed by Stephen B. Jacobs, in which the tower's supports create a cat's cradle environment of Piranesian fantasy.

And some large projects also have been interesting, if not controversial.

Tishman Speyer Properties is partly cantilevering, or "piggy-backing," a new mixed-use tower on a small site behind the 11-story office building at 500 Park Avenue on 59th Street. Many of the luxury condominium apartments will have fireplaces, an amenity that in recent years has been relegated only to penthouses in new construction because of requirements for separate flues.

The new, dark, many-cornered Trump Tower on Fifth Avenue at 56th Street is a vertical tour de force even if it does largely block the romantic, minaret silhouette of the Sherry-Netherlands Hotel in views up and down the avenue. The tower forms one vertical point of the "density triangle" on 56th Street, also comprised of the new AT&T and IBM towers.

The Charles H. Shaw Company of The DelMare Organizations are completing two handsome condominium projects: Carnegie Hill Tower on Madison Avenue at 94th Street, a high-rise project that was required to undertake some local preservation, and the Museum of Modern Art tower that looms over the museum's famous midtown garden.

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## Urban Design: Local Firms Are Winning More Contracts

(Continued from Preceding Page)

are of architecture than any other American designer over the last decade, has written a book on its latest controversial project, "The High-Rise of Homes," published by Rizzoli, examines a project that addresses the question of mass housing by advocating the building of multi-story frames on which individuals can design their own single-family residences in any style they desire.

"While noting post-modernism's concerns with contextualism and symbolism in its use of traditions and eclectic forms, Mr. Jahn, writing in 'New Chicago Architecture,' published by Rizzoli, maintained that 'it fell into its own schizoid as a narrow and often

naive approach devoid of the inclusiveness it proclaimed."

Conceding that post-modernism had expanded dialogues, Mr. Jahn still cautioned against "one-liners" and said that his work was "based on the belief that the modern movement is not dead" and cited the possibility of "a new synthesis, not of an abstract nature, not of a technological utopia, nor looking back to borrow from history, but as a recombination of classical and modern elements of the building art leading to a historical continuum based on conceptual relationships."

"Such popular machine architecture," he maintained, "can present a genuine synthesis between modern architecture and popular

culture, one which was denied to modern architecture in the 1920's which conceived a machine architecture in advance of technology."

Without a doubt, the most striking and spectacular building in the country is Murphy/Jahn's State of Illinois Center Building in Chicago, a complex, asymmetrical structure of high visual energy and intrigue that boldly changes perceptions about certain wall treatments, atriums, plazas and building configurations.

While the current intense debates that are rampant in architectural and design circles are often obsessively obtuse and academic, the result is that architecture design has become increasingly influential in the arts.

No brief survey can ignore the

strong designs of a Richard Meier, whose new High Museum in Atlanta promises to be an eloquent testimonial to pure, geometrically crisp and fascinating modernism, nor the poetic and original schemes of John Hejduk, embodied in his design for the proposed new tower at the Museum of American Folk Art in New York, and Raul de la Haza of the New York office of Skidmore Owings & Merrill for his "needle" designs for new apartment towers.

Important, too, are the sculptural shapes promoted by Der Scutt at the new Trump Tower on Fifth Avenue, the many exotic designs of Stanley Tigerman in Chicago, and the emerging talents of younger architectural offices such as the Machado-Silvetti group and Batey & Mack.

## Boom Leaves a New Generation of U.S. Cities

(Continued from Page 65)

"lay-awake" plans and that consumers and developers have been either reluctant to respond to the over rates as vigorously as if a strong recovery were perceived.

Many conservation and preservation organizations have expressed concern with Federal cutbacks on energy and preservation programs.

John F. Eulich, the chairman of the Vantage Companies of Dallas, said that it is a buyer's market and that the next few years would be of consolidation, "but that the second half of the decade would be a lot better. John R. White, the chairman of Landauer Associates, forecast a weak and extended economic recovery next year and housing starts of about 1.3 million units, noting that the substantial undersupply of rental properties will attract development interest.

Mr. White also said there would be a "continued easing of land prices" and that foreign investment demand remains strong.

George R. Peacock, senior vice president of the Equitable Life Assurance Society of America, said he disagreed with some pension funds "who think it is time to sell high and buy back low." "This is the time to acquire and sell a few years down the line," he said, adding that Equitable was now "restructuring its portfolio."

James M. Truckess Jr., executive vice president of Merrill Lynch, Hubbard Inc., in New York, concurred: "It's cheaper to buy than build... and it's a hell of a good time to buy." Mr. Truckess stimulated much interest among those attending the meeting by reporting that there appeared to be considerable general consumer interest in real estate investments, a subject

also alluded to by Donald R. Knab, senior vice president of the Prudential Insurance Company, which recently acquired a major investment house, Bache & Co. Noting that some of the pension funds were "not as enthusiastic as we," Mr. Knab said, however, that Prudential was "still active" in its real estate acquisitions and new projects.

Developers have learned not only how to give away part of their ownership to lenders to get them to "participate" in their projects, but also to municipalities to cut their upfront costs and downside risks. And recently some companies, such as Remcor Properties and MCO Equities Inc., have been formed to exchange stock rather than cash for properties. Once the exchange has been appraised and made, the stocks are publicly traded.

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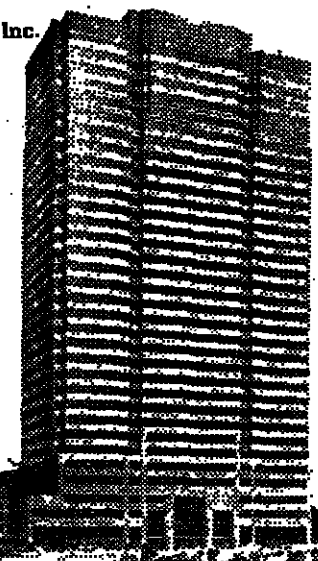
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## Energy: Progress in Design

(Continued from Page 9S)

foundations and are usually filled in, has been successful.

A similar plan for the slant-based Continental Illinois Building at 520 Madison Avenue was not installed, according to Jerry I. Speyer, partner of Fishman Speyer Properties, the building's developer, because it did not appear to be cost-effective. Both plans were motivated by the high costs of "peak" electricity during the day and the substantially lower costs at night.

A great variety of innovative designs has begun to appear. Gunner Birkerts & Associates of Birmingham, Michigan, for example, have designed one of the country's most attractive underground facilities, an addition to the law library at the University of Michigan. The addition has three levels below ground that open onto a slant wall, three-story V-shaped trough directly beneath the great Gothic window of the main law library. The architects, who also designed an unusual office building for IBM in Detroit recently that reflected daylight from a curved stainless steel window sill onto the ceilings of office floors to reduce lighting loads, and a similar scheme at the Woodruff Energy Plaza in Houston, claim that the underground library is about a third more efficient than above-ground structures.

The 1.3-million-square-foot (117,000-square-meter) Tennessee Valley Authority office complex in Chattanooga that was designed to be a model of energy conservation is now under construction but its designers recently decided not to

include a planned groundwater thermal cycling system because a suitable aquifer could not be found and also abandoned a plan to use external mirrored louvers over an atrium.

The 24-story Georgia Power Building, which opened a year ago, is one of the most efficient high-rise towers in the United States, with an average annual consumption of about 54,000 British thermal units per square foot. The building was placed near an expressway to protect its solar access and the architects designed its primary solar exposure to be cancelled a bit at each floor and to have a horizontal shade on the outside of the building in the form of a large tube that permits maximum penetration of winter sunlight into the offices to provide radiant heat and lower heating costs but which blocks out virtually all summer sunlight to reduce cooling needs. An open floor plan was adopted in the offices to permit greater daylight penetration and therefore lower lighting costs.

The reflective-glass building's facilities that required energy around the clock were placed in a low-rise portion of the complex so that the tower, a new landmark on the Atlanta skyline whose inverted staircase design has earned it the nickname "The Leaning Tower of Power," could be shut down at night to conserve energy. George T. Heery, chairman of Heery International Inc., the architects, said that the solar collection system, which went into operation in August, atop the curved base was not cost-effective, unless money was available at 4 percent, but added

that some day they will become feasible.

The World Financial Center at Battery Park City in New York, which is being developed by Olympia & York, plans to use the Hudson River for heat rejection in summer and cooling in winter. Another major project nearing completion is at the Princeton Forrestal Center in Plainsboro, New Jersey, where the Prudential Insurance Company is building two prototype large suburban office buildings, one designed by Skidmore, Owings & Merrill of New York and the other by the Princeton University School of Architecture and Urban Planning.

One building has glass facades and the other is predominantly limestone, and together they employ many different approaches to cut energy requirements, including stacked skylit corridors centered about a light well, a fabric-covered, 15-foot-deep (4.5-meter) ice pond, one acre in size, to help with cooling, ventable atriums, and walls with layers of glass 18 inches apart that serve as heating ducts when necessary with venetian blinds inside the layers.

At 375 Hudson Street in New York, a new office building just announced by Mr. Speyer, will use a co-generation energy system similar to one at a recently rehabilitated office building at 11 West 42d Street, a project that Mr. Speyer was also involved with. The co-generation system involves the installation of diesel power plants within the building to supply its own needs rather than use the more expensive services of the utility.

## Foreign Investment in U.S. Is Expected to Increase

NEW YORK — Foreign investment activity in U.S. real estate remains strong and most analysts, brokers and consultants predict that it will increase.

John R. White, the president of Landauer Associates, real estate consultants in New York, maintained that foreigners have shown "no abandonment of real estate as an investment and demand remains strong." Stephen B. Siegel, the president of Cushman & Wakefield Inc., the national real estate leasing and sales company that has its headquarters in New York, said that foreign investment is "absolutely resuming with vigor and that the last five years are only the tip of the iceberg." Whereas Canadian and European sources have been most active in recent years, he noted that Asian funds are beginning to be an important factor.

Peter M. Stoll of Brooks, Harvey & Company observed that individual Japanese investors are not active, but that more than half of the \$1 billion invested by Japanese interests in U.S. property since 1970 has been in the last 18 months or so. He anticipated that the Japanese will become less passive as investors, but noted that they are "difficult to deal with," that their lawyers are often not well-versed in American real estate law and that they tend to take a consensus approach in decision-making that is not well suited to real estate investment.

Several investment advisers, such as Benjamin V. Lambert of Eastdil Realty Inc., have recently observed that American investors are likely to encounter "difficulties" with the substantial investors in Southeast Asia who are now looking to the United States, and that traditional, slick presentations are often not as effective as personal relationships.

In recent years, the foreign role in U.S. real estate has become much more pro-

nounced and important. In Los Angeles, for example, Robert A. Ortiz, branch manager of the Cushman & Wakefield office, said that almost half of the major developable building sites in downtown Los Angeles are now controlled by a Japanese company, Mitsui Fudson.

The Canadians have been the most visible, competing successfully with the largest U.S. developers on the most valuable properties. John Eulich, the president of the Vantage Corporation in Dallas, a major U.S. developer, recently referred to the Canadians at an Urban Land Institute meeting in Houston as "a lot of new names and faces from the Frozen North who have really changed the way business is done and undertaken a lot of major projects that we would not have."

Cadillac Fairview Urban Development and Olympia & York, the Toronto-based developers, for example, have recently opened major marketing centers in the cities where they have their U.S. headquarters. Dallas and New York, that raise real estate marketing in the United States to a new plateau of sophistication. Their finished buildings are generally considered the equal of any of their U.S. counterparts.

In New York, Howard P. Ronson has become one of the city's most active developers and perhaps its most daring. In addition to several attractive medium-size office buildings on lower Manhattan, such as 175 Water Street near the South Street Seaport and in midtown, Mr. Ronson is the designated developer of the city's most controversial recent project, a proposed tower on Park Avenue next to St. Bartholomew's Church, a landmark. The glass-curtain wall tower would generate several million dollars a year for the adjacent church, whose air rights it would use.

Danielle D. Bodini, president of Ameri-

can Continental Properties Inc., which is located in New York and which invests in American real estate and joint ventures with European institutional and private clients, remarked that offshore investors have become more experienced and selective in recent years and while they still perceive the United States as the best place for long-term real estate investments, they regard "long-term as no longer than seven years, rather than 15 to 20 years" as had been the consideration in recent years.

He said, "The smart investors are buying those distressed properties that have surfaced." Arguing that foreign investors would be well advised not to get into development now because of the existing inventory, Mr. Bodini encouraged them to buy "opportunities" as they become available, that is, properties that have been built with open-ended construction loans and no permanent financing and are being sold at bargain prices.

Simon J. Milde, senior investment partner in New York of Jones Lang Wootton, consultants based in London, said that the effect of two years of persistently high interest rates is forcing some foreign developers of U.S. real estate, particularly some of the Canadians, to sell off their better properties and sites to meet interest obligations. British developers, he said, remain unscathed, however, because they "act more like manufacturers and build, sell and move on to the next project" with such strategies as forward sales in which a property is built for resale to a long-term investor.

The first of these in New York were arranged by Mr. Milde's firm with new towers at One Exchange Plaza and 40 Broad Street. Mr. Ronson and a European developer developed the 300,000-square-foot (27,000-square-meter) One Exchange

Plaza, which has been taken in a forward sale by Aetna Life & Casualty Company.

Not far away, the 24-story, 280,000-square-foot office tower is nearing completion at 40 Broad Street. It is being developed by Dixons International Holdings (U.S.A. Inc.), a property arm of a major London-based company, according to Mr. Milde, who said the building has been forward purchased by the Airways Pension Scheme, the pension fund for British Airways.

Mr. Milde said that "yields, which are currently about 1 1/2 percent higher than one year ago, can be expected to decrease as investment money again begins to flow after the recent substantial drop in interest rates."

Charles Grossman, president of the Schroder Real Estate Corporation in New York, a subsidiary of J. Henry Schroder Bank & Trust Company, noted that "this is the very time to make some extremely attractive purchases as buildings that once offered a yield of 9 percent are now yielding 10 to 11 percent, in large part because many owners are seeking to raise cash to finance new developments or other business ventures."

M. Thomas Lardner of Lehnhoff U.S. Equities Inc., in Dallas, an active investor representing blind-pool partnerships for many German clients of banks and Dutch clients of stockbrokers and other foreign interests, declared that he was "not sure this is not the time to buy. . . . It's not a collapse at all, but a return to normal business and a period of moderate profits as opposed to outrageous speculation."

Mr. Lardner maintained that 1982 will be his company's best year in U.S. properties. He said the company did not invest in Denver, a market he described as "a serious problem," and said it was reducing its assets in Houston.

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# ARTS / LEISURE

## Geneva Silver Sales Reflect Unsettled Economy

By Souren Melikian

GENEVA — There is a touch of melancholy about the market these days as it begins a slow and rather difficult recovery from the spring crisis that hit antique silver and objects of vertu.

To some extent signs of the relative recovery may be read into the overall figures. Sotheby's sale of European silver from the 16th to the 19th centuries, held Tuesday, registered a total of 1.8 million

least limited it, because of the feeling of déjà vu it gave in reproduction despite its superior quality when seen in the flesh. Sotheby's experts were certainly holding their breaths and it is no mean feat to have knocked it down to a telephone bidder at 525,000 Swiss francs, which vastly exceeds Sotheby's most optimistic estimate and

now stands as the world record for any piece of silver by Odier or any neoclassical goldsmith.

The rest of the sale formed a striking contrast. It could hardly be described as sparkling with enthusiasm. Buyers just were not willing to get excited. Despite the international attendance of private buyers that Sotheby's and Chris-

tie's attract to Geneva, most of the bidding came from dealers. From the first lot, a fine circular English silver made in 1731 by Francis Nelme, to the last piece sold, a parcel-gilt tankard done in 1691 by the Augsburg master Friedrich Schwestermüller, the pace was set by professionals who were not in an overly generous mood. Jack Simons and Jack Koopman of London, and F. Montanaro, the Italian dealer, were buying massively, obviously on commission in a number of cases.

But by and large they got their goods at prices below the lower of the two estimates given by Sotheby's with remarkable accuracy. Koopman paid 24,200 Swiss francs for a pair of Flemish candlesticks, circa 1675 marked "J.L." — estimate: 27,500 to 38,500 Swiss francs — while Simons gave 5,500 Swiss francs for a coffee pot from Ghent, 1788, estimated to fetch 6,600 to 8,800.

Things got a little livelier with the appearance of some exceedingly rare silver from Hungary, or rather from the once Germanic enclave of Siebenbürgen in what is now Romania. A tankard by Valentinus Urblger made about 1650 went up to 50,000 francs, and a very fine, slightly earlier censer by Erhardus Wüstemann fetched 44,000 francs, both bought by Nicolas Salgo, the Hungarian-born chairman of the board of Watergate Companies.

National interest helped Swiss silver that sold almost uniformly well, despite the ostensible lack of interest from a group of English and Italian dealers who left at that point, muttering "coffee break." A mazer wood double cup with unmarked silver-gilt mounts that could be from anywhere in southern German lands, gracefully ascended to 71,500 francs.

On the following day the pattern repeated itself at Christie's sale. A somewhat unsophisticated version of the German Renaissance tankard made from a parcel-gilt mounted cocoon, was fortunate enough to have been struck with the mark of Rapperswil, thanks to which it was bought by the Rapperswil city museum. In contrast the fine French silver, of which Christie's had a better sampling than Sotheby's, often fetched con-

servative prices almost grudgingly paid by the trade — a superb ewer by Jean Debré of Paris, 1739, was not expensive at 16,500 Swiss francs.

Luckily for Christie's the sale also included some late-19th-century silver of the kind that used to be unsellable until recently and still strikes most Western buyers as bordering on caricature. These now find a market among the expatriate oil millionaires from Saudi Arabia or the Gulf countries and some Lebanese financiers that congregate around Lake Geneva. Under no other circumstances would a vaguely Rococo German table with silver mounts, made around 1900 fetch 165,000 Swiss francs or a British silver-gilt copy of an Italian Baroque fountain made in Edinburgh in 1870 go for a breathtaking 242,000 Swiss francs. In both cases, a fifth of the price could be considered generous. It is thanks to such extravagance that a sale in which only 68 percent of the lots were sold was turned into a success; in terms of value, the objects sold rose to 80 percent.



Odier silver tureen sold for 525,000 Swiss francs.

## Fine Genre Paintings

By Max Wykes-Joyce

MAASTRICHT, Netherlands — At the beginning of the 17th century, genre painting, that is, portrayals of everyday life, even of drunken and fighting peasantry, became a specialty of some Dutch and Flemish artists.

The most celebrated of early Flemish genre painters was Adriaen Brouwer (c.1605-1638) a selection of whose paintings forms part of a major loan show at Noortman and Brod, Maastricht. The other part is a selection of all periods of work of Brouwer's most important follower, David Teniers the Younger (1610-1690).

The exhibition has been arranged to mark the publication of the catalogue raisonné of Teniers the Younger by Margaret Klinge, and mounted for the centenary of the Rembrandt Society.

Nine of the 11 Brouwers in the exhibition depict roistering peasants. Comparatively little is known of Brouwer, other than that he was born in Oudenarde and passed the main working years of his short life in Antwerp, that he was much esteemed by Rembrandt and Rubens, and that 20 years after his death he was commanding Old Master prices.

With his arrival in Antwerp (he was enrolled as a member of the artists' Guild of St. Luke there in 1631) with his mastery of technique and his eager portrayal of realism, all the young artists of Antwerp began to take powerfully realistic genre pictures.

Chief among these was Teniers the Younger, a man in every respect except technical skills different from his mentor. He was extremely able and very ambitious, becoming a master in the Antwerp guild in 1633. Under Brouwer's influence his figures seemed to be allegorical and became brutally real, but with a greater care for more complex composition and more subtle color.

Even under the maximum influence of Brouwer, Teniers was already "civilizing" his peasants, domesticating them and causing them not to appear grossly overindulgent, as they appear in many of Brouwer's paintings.

In 1637 Teniers did himself no little service by marrying Anna, the daughter of Jan Brueghel the Elder. The godmother of their first child was Hélène Fourment, Rubens's second wife. Under the influence of his father-in-law's circle, from the early 1640s on, landscape played a more important part in Teniers's genre paintings. And color assumed a new significance.

In 1645-46 he became dean of the Guild of St. Luke, and the year after was given his first court commission by the Spanish viceroy, Archduke Leopold William. One of the archducal commissions — "The Village Holiday" (loaned by the Virginia Museum of Fine Arts in Richmond) is a highlight of this impressive exhibition.

Adriaen Brouwer, David Teniers the Younger, Noortman and Brod, Vrijthof 49, Maastricht, Netherlands, to Dec. 11.

### THE ART MARKET

Swiss francs (about \$860,000), 91.8 percent of the figure being in items sold. At Christie's more ambitious auction of "fine European silver" the day after, 86 percent of the total of 3.3 million Swiss francs was in items sold. Superficially this is encouraging, but closer look shows how unsettled the situation still is.

Sotheby's auction essentially consisted of a large assortment of run-of-the-mill to reasonably fine pieces from Britain, the Low Countries, Germany and Switzerland, with one outstanding piece of craftsmanship that happens to be of great historical importance. The silver-gilt neoclassical soup tureen done by the greatest French goldsmith in his time, Jean-Baptiste Odier, is part of the largest known service by the master. It was done in Paris in 1819 and weighs 18,625 grams. It is far more than a piece of ornamental table silver. The perfect balance of the two adored nymphs kneeling on their oval pedestal and holding up the bowl like an offering gives it a monumental and dramatic quality. The fine chiseling of the details, which were probably designed by a well known architect and designer, Louis-Marie Cavellier, is in Odier's best manner.

The combination makes the tureen one of the finer specimens of early-19th-century culture and metalwork. In addition it carries the arms of the Polish general, Count Francis-Xavier Branicki and his wife, Alexandra Engelhardt. The latter, a daughter of Catherine the Great of Russia and Grigori Potemkin was adopted by Potemkin's sister Martha, married to Engelhardt and according to specialists it is her name that gives the piece a special glamour.

Its successful sale was nevertheless far from being a foregone conclusion. Only because another pair of tureens by Odier, circular instead of oval, but otherwise following much the same design, was sold by Christie's in New York last June for \$429,000.

This could conceivably have exhausted the potential market, or at

### Greece Set to Restore Ancient Cretan Palace

ATHENS — Culture Minister Melina Mercouri of Greece has announced that the government will spend 40 million drachmas (\$550,000) on shoring up the crumbling 3,500-year-old Palace of Minos at Knossos in Crete.

She said experts would conduct studies to determine how to save the monument, which draws about a million tourists every year.

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An emerald and diamond gold ring, sold in St. Moritz in February 1982 for 110,000 Swiss francs

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Part of the "Zeitgeist" show in Berlin, with paintings by Salome (above) and David Salle (below).

## Big Berlin Show Misses the Mark

By John Russell

BERLIN — The "international exhibition of modern art" in West Berlin called "Zeitgeist" is in more ways than one a very funny business, but there is no doubt that its opening was one of the events of the fall season in Europe. More than 4,000 people forced their way into the Martin Gropius Building, where the show can be seen through Jan. 16.

"Zeitgeist" was organized by two men who have never been clobbered by self-doubt. Christos Joachimides, a Greek-born art historian and impresario long resident in Berlin, and Norman Rosenthal, exhibitions secretary of the Royal Academy in London, and they had no hesitation in laying down the law as to what is, and what is not, the spirit of the age in 1982.

In all, 45 artists were invited to take part in the show here. At first sight a haphazard company, it did not seem any more coherent on closer examination. However, it can at least be broken down by nationality. There is an American party (Jonathan Borofsky, James Lee Byars, Malcolm Morley, Robert Morris, Susan Rothenberg, David Salle, Julian Schnabel, Frank Stella and Andy Warhol). There is a small British team, consisting of Barry Flanagan, Gilbert & George, Christopher Le Brun and Bruce McLean. There are the Italians (who turn up everywhere these days), and there is a hefty German contribution. There is a Dane, Per Kirkeby; a Dutchman, René Daniëls; and a Frenchman, Gérard Barouche.

The thrust of the show is in favor of painting and sculpture that is strong and direct in feeling, not all averse to symbolism and moodily speaking. Expressionistic in its general tone, even if not all the artists acknowledge the German Expressionists of before World War I as their natural models.

From this thrust there results an art that is painting is declaratory and rhetorical. Private fancies are laid forth on a public scale. Nuance and high finish are excluded, almost by definition (it was stipu-

lated that wherever possible the scale of the work should match the scale of the building in which the show was to be housed). For this reason "Zeitgeist" shapes up as an exhibition of painting and sculpture on a monumental and often uniform scale. Those who wished to come and work in the building were welcome to do so. If the others sent work made to scale, so much the better.

To organize an international exhibition of new art in Berlin is to renew a tradition that, though long in abeyance, could hardly be more distinguished. In particular, the Autumn Salon of 1914 in Berlin was one of the largest and most inventive of the international surveys of modern art that could be seen all over Europe and the United States before the outbreak of World War I. Berlin in those days was an open city for new art, and whereas the Armory Show in New York and Chicago came as a surprise and a challenge to its audiences, the Berliners took their Autumn Salon as the predestined apotheosis of a local appetite for the new and the good.

Still, 1914 was quite some time ago, and Berlin in 1982 is quite another kind of city, even if it once again cherishes the new and the good. Whereas in 1914 the search for new art was conducted by an unofficial and often insubordinate minority, it is now the accepted official policy.

The organizers of "Zeitgeist" started with a \$600,000 subsidy from the local cultural authorities. They were also given the use of a building designed by Martin Gropius (uncle of Walter Gropius), the founder of the Bauhaus and fine opened just over 100 years ago as a museum of industrial art. This building has today a provocative location, in that its former front entrance is about six feet from the Berlin Wall and its closest former neighbor was the Gestapo headquarters, long since razed.

As architecture, it always stood out. In the heyday of Kaiser Wilhelm II, when new buildings in Berlin were heavy on buttstock and thigh, the museum for industrial art was a matter of wrist and ankle. It was delicate in its every detail, and not least in the ceramic

ornamentation, some of which happily survived the tribulations of World War II. But — contrary to what is now often said in Berlin — it was never meant for painting. It was meant for the applied arts in all their forms, from leatherwork to locomotives. And though it does indeed have large walls, they are not necessarily well adapted to painting.

For this reason the exhibition, though spectacular at first sight, does not survive close examination. In the central atrium, for instance, the tall narrow panels tend to look like imperfectly installed wallpaper. Exceptions to this are the Berlin painter Salome, whose slithery bathing figures look rather well, and David Salle, whose mix of calligraphic and painterly elements stands up against the architecture. Bruce McLean's "Blue Spew" (Study for an Office Carpet) adds a note of wild humor to an exhibition not elsewhere notable for that quality.

On the main staircase the two huge paintings by the German painter A.R. Penck (they measure 200 by 400 inches apiece) look as if they have been blown up with a bicycle pump. Even at a first glance the evocations of Nazi architecture by Andy Warhol are odious in their insensitivity.

The enormous installation by Joseph Beuys that fills the inner courtyard takes the form of a small mountain of unshaped clay, together with the equipment with which it could have been turned into sculpture if any sculptor had chosen to work on it. Beuys in his art is a stage director of genius, and nothing that he does can fail altogether. But West Germany, moreover, owes a great debt to him for the intransigence with which he has upheld the notion of the artist as a free and concerned citizen. But this visitor could not help wondering if it wasn't time that there was a major exhibition in Germany in which Joseph Beuys did not hog the foreground.

Before long it became clear that the prime object of "Zeitgeist" was to validate the School of Berlin as it is represented in the show by Georg Baselitz, Rainer Fetting, K.H. Hödicke, Markus Lüpertz, Dieter Hacker, Helmut Middendorf and Salome, with Anselm Kiefer and others as guests from other parts of Germany.

Elsewhere there is a good deal of thrashing around and pawing at the air as if the painters were knocking themselves out to make some kind of impression. Delectable by contrast is the effect made by Susan Rothenberg, who is, by the way, the first and only woman ever to have been included in an exhibition organized by Joachimides and Rosenthal.

Susan Rothenberg did not paint new pictures to scale. What she sent are large paintings, several years old, of a horse. They radiate a serene sense of what can be done with plain outline drawing and a restrained feeling for color. Like soft speech in a world of disconnected shouting, they give both pleasure and relief.

As it turned out, none of the artists dealt directly with the fact that the building stands on the edge between East and West. Those who live in Berlin tend, in any case, to take a more pragmatic attitude to that problem than is customary among visitors from overseas. But Jonathan Borofsky came closest to it when he contributed a three-dimensional flying figure that projects out of the window in such a way that it hangs in midair within full view of an East German watchtower not 50 yards away. As always, Borofsky's environmental work makes an effect of true poetry. It is heightened on this occasion by an echo — the more telling for its lack of emphasis — of the desperation with which men and women had regarded, and may still regard, this particular part of Berlin.

Friedensreich Hundertwasser is animated by a deep hostility toward the straight line which, he declared, is aesthetic, immoral, uncreative, tyrannical, and leads to the downfall of mankind. An comprehensive selection of his work in various media, including tapestry, is on view at Artcurial. It shows his usual range of luminous and living color animating labyrinthine forms and occasional mandala-like constructions.

Also at Artcurial are sculptures and architectural projects by Arnaldo Pomodoro. Those already familiar with his polished bronze sculptures, whose open scars seem to reveal an internal structure, will be interested to discover some of his more monumental projects, including a splendid proposal for a cemetery near Urbino.

Hundertwasser, Pomodoro, Artcurial, 9 Avenue Maignon, Paris 8, both to Dec. 31.

The Société d'Encouragement des Méiers d'Art is presenting a new but not uninteresting show devoted to the bronze-foundation craft at the Galerie Bernheim-Jeune. The show suggests something of the technical problems involved in turning an artist's plaster prototype into bronze and perhaps the most eloquent item in the show is a presentation of one of Rodin's "Burgers of Calais" as it stands

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Dow Jones Averages

Index	High	Low	Open	Close
Dow Jones Industrial	2,854.50	2,848.00	2,850.00	2,850.00
Dow Jones Transportation	1,150.00	1,145.00	1,148.00	1,148.00
Dow Jones Utility	450.00	448.00	449.00	449.00
Dow Jones Average	2,854.50	2,848.00	2,850.00	2,850.00

Market Summary, Dec. 3

Market Diaries

Index	High	Low	Open	Close
NYSE	2,854.50	2,848.00	2,850.00	2,850.00
AMEX	1,150.00	1,145.00	1,148.00	1,148.00

AMEX Stock Index

Index	High	Low	Open	Close
AMEX	1,150.00	1,145.00	1,148.00	1,148.00

NYSE Index

Index	High	Low	Open	Close
NYSE	2,854.50	2,848.00	2,850.00	2,850.00

NYSE Most Active

Symbol	High	Low	Open	Close
IBM	150.00	148.00	149.00	149.00
AT&T	45.00	44.00	44.50	44.50
GE	35.00	34.00	34.50	34.50
AMT	25.00	24.00	24.50	24.50
GO	15.00	14.00	14.50	14.50
IBM	150.00	148.00	149.00	149.00
AT&T	45.00	44.00	44.50	44.50
GE	35.00	34.00	34.50	34.50
AMT	25.00	24.00	24.50	24.50
GO	15.00	14.00	14.50	14.50

Standard & Poors Index

Index	High	Low	Open	Close
Standard & Poors	2,854.50	2,848.00	2,850.00	2,850.00

Odd-Lot Trading in N.Y.

Symbol	High	Low	Open	Close
IBM	150.00	148.00	149.00	149.00
AT&T	45.00	44.00	44.50	44.50
GE	35.00	34.00	34.50	34.50
AMT	25.00	24.00	24.50	24.50
GO	15.00	14.00	14.50	14.50

Friday's NYSE Closing Prices

Tables include the nationwide prices up to the closing on Wall Street.

NYSE Most Active

Symbol	High	Low	Open	Close
IBM	150.00	148.00	149.00	149.00
AT&T	45.00	44.00	44.50	44.50
GE	35.00	34.00	34.50	34.50
AMT	25.00	24.00	24.50	24.50
GO	15.00	14.00	14.50	14.50

NYSE Most Active

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AT&T	45.00	44.00	44.50	44.50
GE	35.00	34.00	34.50	34.50
AMT	25.00	24.00	24.50	24.50
GO	15.00	14.00	14.50	14.50

NYSE Most Active

Symbol	High	Low	Open	Close
IBM	150.00	148.00	149.00	149.00
AT&T	45.00	44.00	44.50	44.50
GE	35.00	34.00	34.50	34.50
AMT	25.00	24.00	24.50	24.50
GO	15.00	14.00	14.50	14.50

Study Says Japan Most Competitive

United Press International

GENEVA — Japan and Switzerland, with the United States and West Germany close behind, are the world's most competitive nations, according to an international business survey to be published Sunday.

The same four countries, in the same order, also rated highest in a separate corporate investment confidence poll conducted by the surveyors.

The United States would have topped both lists but for the relatively small share of foreign trade in its gross output and social problems such as a high crime rate, the survey said. Conducted by the European Management Forum, an independent business foundation, the survey of 22 countries was based on 245 criteria — 187 of them statistics from international agencies such as the World Bank and the rest on "subjective judgments" of leading corporate executives and economists.

It was the second consecutive year that Japan, Switzerland, the United States and West Germany had taken the top places in industrial competitiveness.

"The most striking single change is France's drop from eighth place to 15th place, attributable in large part to the sharp decline in business confidence," the report said. Finland jumped from 15th last year to eighth this year.

In the separate "business confidence" category, Japan and Switzerland came first and second, as in 1981, while the United States moved into third place from fifth. New Zealand, third in 1981, fell back to 16th place this year.

The report said the United States would have placed first overall but for poor showings in "Outward Orientation" and "Socio-political Consensus and Stability."

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Tables include the nationwide prices up to the closing on Wall Street.

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Nov	1.56	1.57	1.56	1.56	-014				
Dec	1.57	1.58	1.57	1.57	-014				
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Jul	1.60	1.61	1.60	1.60	-014				

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Prev. sales 235.			

See Europe's Part 1, p. 20

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## CROSSWORD PUZZLE

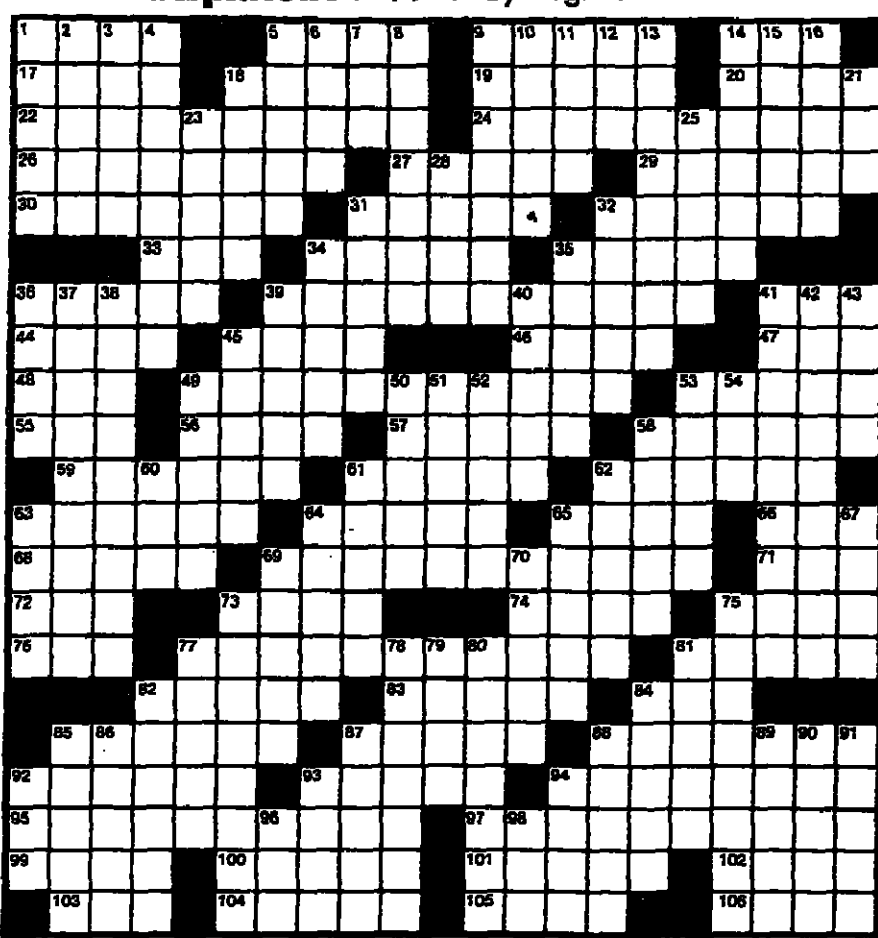
Displaced Persons By Virginia P. Abelson

## ACROSS

- 1 Shoe part  
5 Actor Alan's college  
14 First letters  
17 Suffix with common  
18 Enchantment  
19 Cancel a space trip  
20 French town once frequented by a writer  
22 Prime's beat?  
24 Julie's ballwick?  
26 English polyphonic composition  
27 Pupil of Socrates  
29 Table wine  
30 Rome of Nanyang's Nanyang  
31 Once upon  
32 Lean  
33 Wallach  
34 Verducci  
35 Secular  
36 Topknot  
37 Dick and Mark's domain?  
41 Placid  
44 Charged atoms  
45 Coconut fiber  
46 Island in Taiwan Strait  
47 Boxer from Clay Center?  
48 Communication: Abbr.  
49 Where Claire blossomed?  
53 Room in a maison  
55 Moray  
56 Stunned plant  
57 Did she go to Duke?  
58 "Rede" —  
59 Scenes of crimes

## ACROSS

- 61 State flower of N.H.  
62 Alehouse  
63 Indian officials  
64 Ax and adz  
65 Caliber  
66 Suffix with Bronx  
68 Cathar's "Lady"  
69 Betty's sphere?  
71 U.S.I.A. arm  
72 Ziegfeld  
73 First tiller  
74 Midwestern city  
75 Morning moisture  
76 Bandleader  
77 Vau's hometown  
81 Site of W.W. I battles  
82 Portable craft  
83 Pat's Iowa address  
84 Design bump on the skin  
85 Breed of sheep  
87 Sharp ridge  
88 City for cartoonist Young in the past?  
92 Neighbor of a  
93 Caro was one  
94 Belgian vassal?  
95 Maurice's habitat?  
97 Walter's settlement?  
98 Bridge part  
100 Buddy  
101 Nimmies  
102 37th  
103 Foy  
104 Km of moors and shakers  
105 No longer new  
106 Aussie town



## Solution to Last Week's Puzzle

1	SHOELACE
2	ALAN
3	COLLEGE
4	LETTERS
5	SUFFIX
6	ENCHANTMENT
7	CANCEL
8	SPACE
9	TRIP
10	FRANCE
11	TOWN
12	ONCE
13	FREQUENTED
14	BY
15	WRITER
16	PRIME
17	BEAT
18	JULIE
19	BALLWICK
20	ENGLISH
21	POLYPHONIC
22	COMPOSITION
23	PUPIL
24	SOCRATES
25	TABLE
26	WINE
27	ROME
28	NANYANG
29	NANYANG
30	ONCE
31	UPON
32	LEAN
33	WALLACH
34	VERDUGO
35	SECULAR
36	TOPKNOT
37	DICK
38	MARK
39	DOMAIN
40	PLACID
41	CHARGED
42	ATOMS
43	COCONUT
44	FIBER
45	ISLAND
46	TAIWAN
47	BOXER
48	CLAY
49	CENTER
50	COMMUNICATION
51	ABBR.
52	WHERE
53	CLAIRE
54	BLOSSOMED
55	ROOM
56	IN
57	MAISON
58	MORAY
59	STUNNED
60	PLANT
61	DID
62	SHE
63	GO
64	DUKE
65	REDE
66	SCENES
67	OF
68	CRIMES

## WEATHER

	HIGH C	LOW F		HIGH C	LOW F				
ALABAMA	14	57	Overcast	LONDON	8	46	30	Fair	
ALGERIA	13	56	51	LOS ANGELES	17	70	57	Fair	
AMSTERDAM	3	37	14	MADRID	12	54	34	Fair	
ANKARA	14	57	Overcast	MALAGA	14	56	29	Fair	
ANTWERP	14	57	Overcast	MANTUA	14	56	29	Fair	
ATHENS	14	57	11	MEXICO CITY	—	—	—	N.A.	
AUCKLAND	—	—	N.A.	MILAN	29	84	25	Cloudy	
BANGKOK	21	85	—	MILWAUKEE	32	90	75	Cloudy	
BEIJING	6	43	4	MONTREAL	30	86	77	Cloudy	
BERLIN	19	66	9	MOSCOW	—	—	—	Cloudy	
BELGRADE	1	34	30	MUNICH	2	36	14	Overcast	
BERLIN	1	34	30	NAGASAKI	23	81	70	Fair	
BOSTON	16	61	10	NAUASAU	22	81	20	Fair	
BRAZILIA	14	56	34	NEW DELHI	22	73	14	57	Fair
BUCHAREST	6	43	8	NEW YORK	18	64	50	Cloudy	
BUDAPEST	8	46	8	NICE	17	60	45	Cloudy	
Buenos Aires	21	85	37	OSLO	7	32	1	Overcast	
CAIRO	21	85	10	PARIS	5	41	29	Overcast	
CASABLANCA	24	75	59	PERMUT	—	—	—	Cloudy	
CASAPLANA	19	64	7	REYKJAVIK	1	34	28	Cloudy	
CHICAGO	19	64	30	RIO DE JANEIRO	26	79	68	Rain	
COPENHAGEN	4	39	24	SINGAPORE	23	75	52	Rain	
COSTA DEL SOL	18	64	7	SAO PAULO	23	75	7	Cloudy	
DALLAS	10	51	21	SEOUL	6	42	1	Cloudy	
DUBLIN	7	45	24	SHANGHAI	17	63	51	Fair	
DUNDEE	4	39	24	SINGAPORE	23	75	68	Cloudy	
DUNDEE	4	39	24	STOCKHOLM	2	36	14	Cloudy	
FRANKFURT	2	36	1	SYDNEY	28	78	64	Overcast	
GENEVA	6	43	4	TAIPEI	25	77	63	Cloudy	
HARARE	28	82	59	TEL AVIV	18	64	49	Overcast	
HELSINKI	38	101	85	TOKYO	16	61	48	Overcast	
HONG KONG	24	75	17	VENICE	16	61	48	Cloudy	
HOUSTON	24	75	16	VIENNA	0	22	28	Foggy	
ISTANBUL	14	57	41	WARSAW	1	34	8	Cloudy	
JERUSALEM	13	55	3	WASHINGTON	17	63	52	Cloudy	
LA PALMAS	21	85	59	ZURICH	3	32	36	Overcast	
LIMA	29	88	74						
LISBON	9	48	51						

Readings from the previous 24 hours.

## BOOKS

## THE HEROIN SOLUTION

By Arnold S. Trebach. 331 pp. \$24.95. Yale University Press, New Haven, Conn. 06520.

Reviewed by Gina Bari Kolata

HEROIN addiction used to be called the "American disease." But no more. Starting in the late 1960s, it grew into a worldwide epidemic that shows no signs of abating and is, says Arnold Trebach, "enigmatic." No one knows why the epidemic began, no one knows how to prevent heroin addiction, and no one knows any magical cures for it.

Despite the title of his book, "The Heroin Solution," Trebach does not have an answer to the heroin problem. His aim instead is to trace the history of attempts to control the drug in the United States and in England and to argue for more humility and more humaneness in our approaches to heroin addicts. He largely succeeds in this goal, writing a readable and fascinating book about a drug whose emotional connotation as "evil incarnate" complicates any attempts to deal rationally with it.

Trebach began his study of heroin in the 1970s, when as a professor at American University's School of Justice he looked into the Nixon administration's "war on crime." To his surprise, he found that not only was the government investing large amounts of money to control crime, but it also was using most of its drug abuse funds for treatment and prevention programs rather than for law enforcement.

As his interest in drug addiction grew, Trebach founded and served as the director of the Institute on Drugs, Crime, and Justice in England. As a result of this experience, he decided to write his book. But he says, his guiding philosophy on the problem of how to deal with narcotics addicts was formed when his first wife died of cancer in 1976. When he and his two sons helped his former wife during her final days, he came to appreciate that "human beings seek... altered states of consciousness through every conceivable means."

One reason so many attempts to treat narcotics addicts have failed, Trebach argues, is that no one acknowledges that perhaps heroin addicts really need to feel high, that methadone maintenance, for example, simply cannot give these people the experience they desire. "At this point we have reached the same sensitive point we faced in regard to heroin and cocaine for cancer patients: Is it ethical for doctors to deliberately provide euphoria for patients? Few doctors would answer yes, but if we are to attract addicts to treatment, that must be society's answer," he writes.

As for the question of why heroin addicts need the drug to alter their consciousness, Trebach confesses that neither he nor medical experts know. Many heroin addicts suffer from depression, and some scientists have suggested that they are drawn to heroin as a form of self-treatment for this mental illness. Trebach notes that heroin addicts frequently are immature and unable to deal with minor frustrations or inconveniences. Perhaps that aspect of their emotional makeup is related to their addiction. He also notes that many addicts simply grow out of their drug dependency, giving up narcotics on their own.

"Heroin addiction occurs primarily in males in their 20s and early 30s. If they are given heroin by doctors during those periods of their lives, if they are given support in other aspects of their existence, more of them will come into treatment, more will stay over the years, and many if not most will mature out of their habits by age 35. Even in a worst-case scenario, in which hundreds of thousands of heroin addicts stubbornly persist in demanding legal heroin from doctors, decade after decade, they would be healthier addicts because they would be under medical and mental health

care — however much doctors might be repelled by their habits," Trebach writes.

Although for the most part such treatment of addicts has not been tried, there were a couple of successful experiments along the line that Trebach suggests. From 1919 to 1923, Dr. Willis P. Butler operated a clinic in Shreveport, Louisiana, in which patients were given narcotics, usually morphine, in whatever doses were necessary to enable them to live responsibly without turning to crime. Patients who were unemployed or who had no place to live were found jobs and housing. Those deemed able and ready to be weaned from drugs were hospitalized for detoxification. The Shreveport clinic, however, was forced to close down by federal narcotics agents.

In England in 1971, a Catholic priest, the Rev. T. E. Tanner, operated the ROMA Housing Association which gave addicts apartments and cash loans to help them start living normal, responsible lives while on drugs. Their drugs were supplied by doctors. Tanner's reasoning was that "ROMA is not specifically concerned with educating its residents to live without drugs. We try to help them live with them." But, in 1979, ROMA too had to close down when British doctors changed their narcotics prescribing habits so as to make it impossible for the addicts to get maintenance doses of heroin legally.

Trebach notes that nothing in the history of worldwide attempts to control the heroin epidemic even hints at a real solution to the problem is in sight. But perhaps the best thing to do is to admit our ignorance and admit that "there is no explainable cause and no complete cure — only amelioration, moderation, and middle level expectations." Our goal should be to reduce social harm and to try to contain the problem as much as possible.

Gina Bari Kolata, a staff writer for Science magazine, is the co-author of "The High Blood Pressure Book: A Guide for Patients and Their Families." She wrote this review for The Washington Post.

## Library of Congress Develops Method To Preserve Books

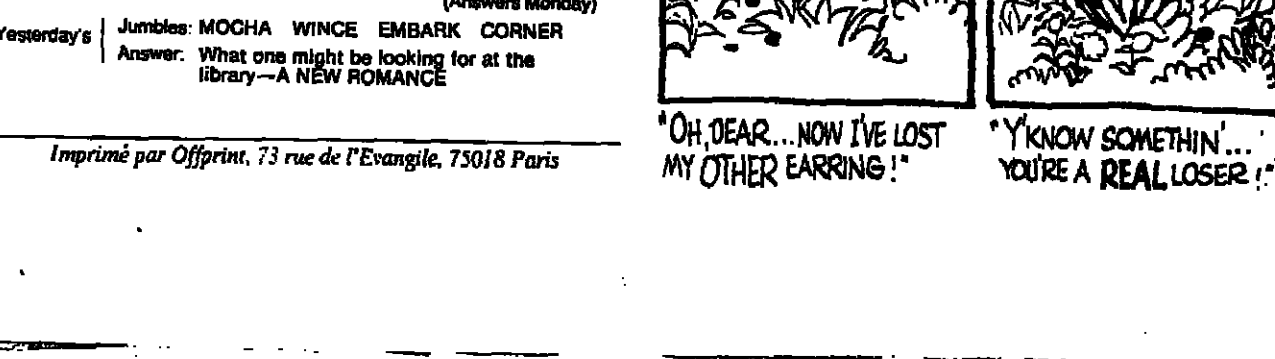
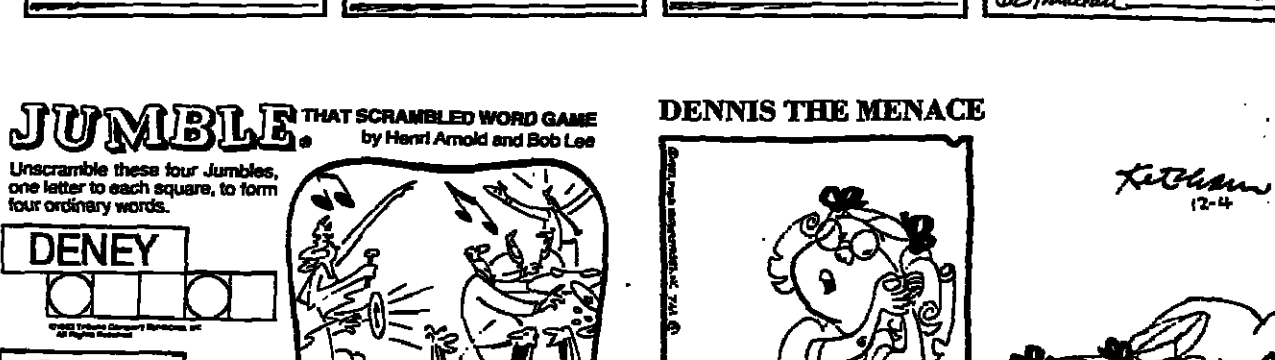
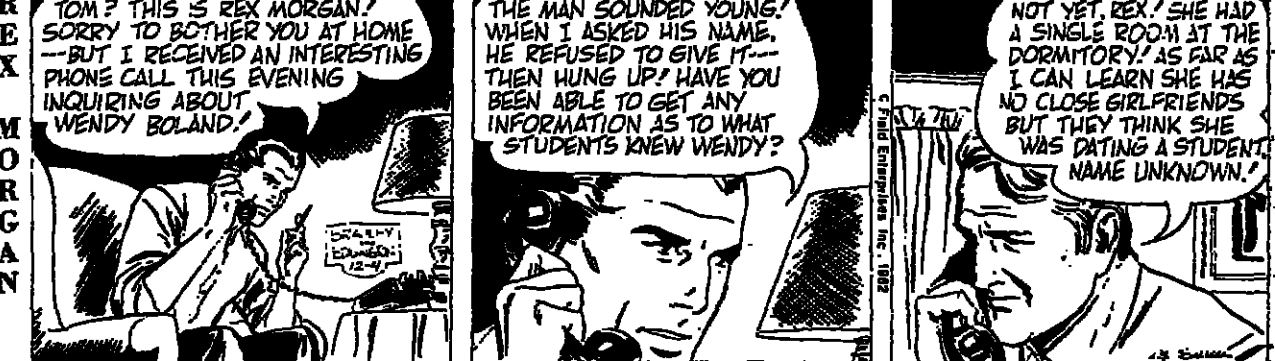
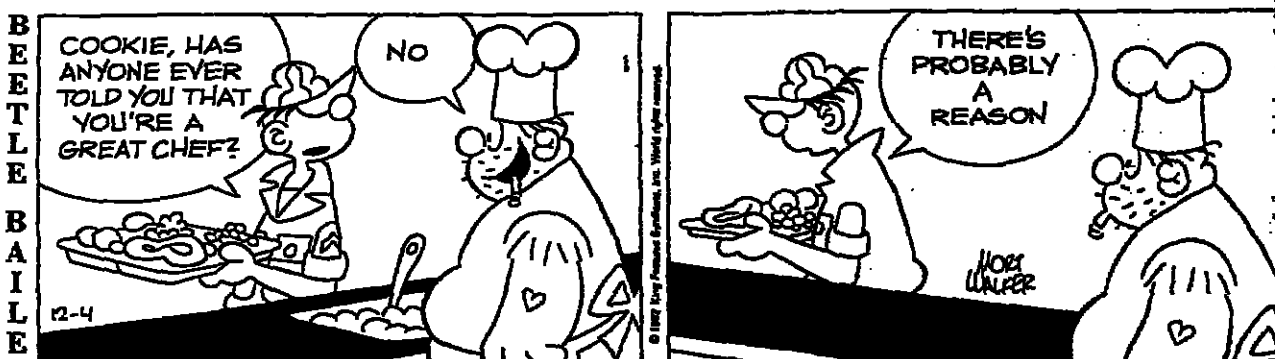
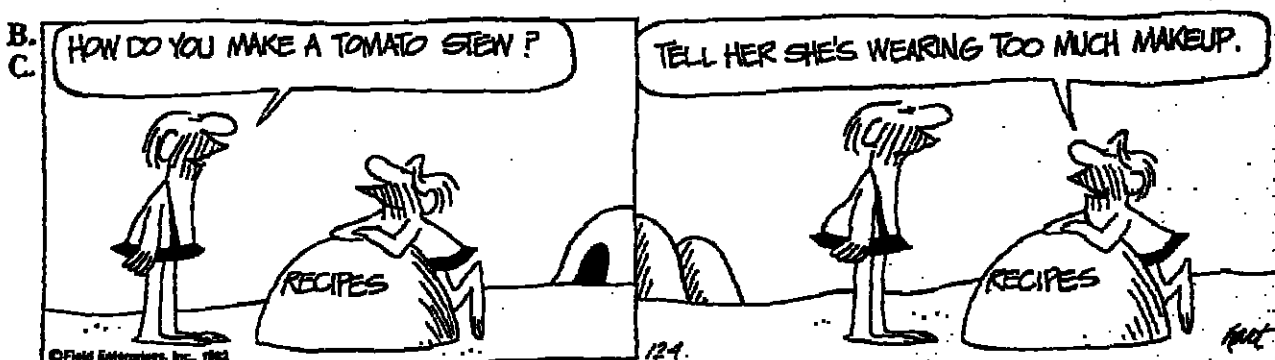
WASHINGTON — Space Night test equipment has proved successful in treating books so that they should last 500 years instead of falling apart in a quarter-century or less, according to the Library of Congress.

Most books produced since the mid-19th century are printed on acidic wood pulp paper that, after 25 to 100 years, turns brittle and highly likely to crumble in use.

The library devised a plan to take the acid out of the books in a vacuum chamber. The 5,000 books in the test run were placed on handcars mounted on a track and wheeled into a vacuum chamber formerly used to test equipment for space flights.

As air was pumped out of the chamber, about 800 pounds of water — in the books from the manufacturing process and from atmospheric humidity — came with it. Then a gas called diethyl zinc was pumped into the chamber, permeating the books and neutralizing the acid in the paper. Leftover gas was then pumped out, air re-admitted and the books removed.

All this is necessary because the gas bursts into flame when it comes in contact with air or water.



## ADVERTISEMENT INTERNATIONAL FUNDS

DECEMBER 3 1982

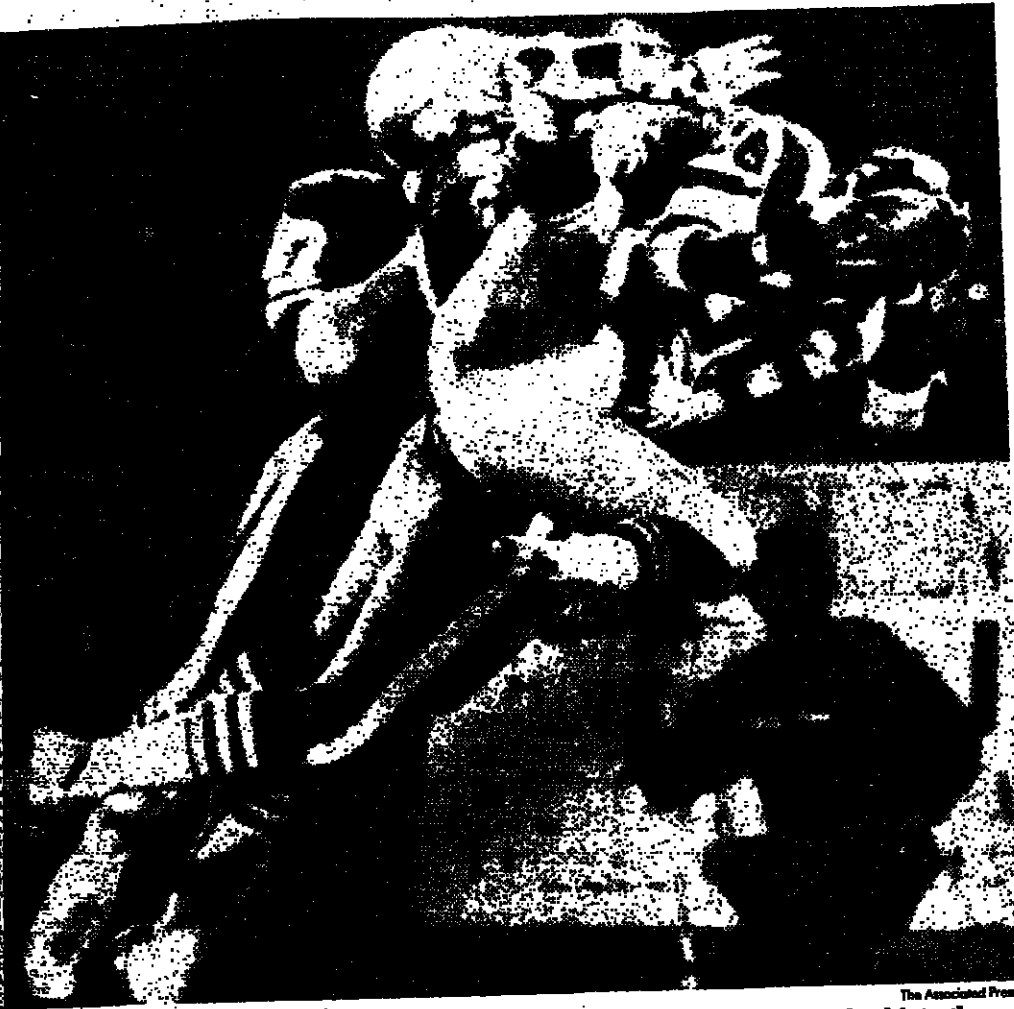
The net asset value highlights shown below are supplied by the Funds listed with the exception of some funds whose quotes are based on issue prices. The following table shows the weekly, monthly, quarterly, and annual rates of return for the following funds:		(w) - weekly; (m) - monthly; (q) - quarterly; (a) - annual; (r) - regular; (d) - dividend	
ALABAMA INVESTMENT COMPANY S.A. (m) Al-Almat Fund ...		\$F 112.42	
BANK JULIUS BAER & CO Ltd (a) Cash ...		\$F 267.87	
(a) Cash ...		\$F 267.87	
(a) Cash ...		\$F 267.87	
(a) Cash ...		\$F 267.87	
(a) Cash ...		\$F 267.87	
BANK VOIR ERNST & Cie AG Bk 2423 Bank ...		\$F 36.67	
(a) CEF Fund ...		\$F 36.67	
(a) CEF Fund ...		\$F 36.67	
(a) TFF Fund L.V. ...		\$1.16	
BRITANNIA (PO Box 271, St. Helier, Jersey) (w) Jersey GHI Fund Ltd ...		\$2.64	
(w) Jersey GHI Fund Ltd ...		\$2.64	
CAPITAL INTERNATIONAL ... (w) Capital Interf. S.A. ...		\$19.84	
CREDIT SUISSE ... (a) C. Swiss ...		\$F 214.25	
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SPORTS

World Cup Ski Season Primed for Takeoff



Rams' Wendell Tyler fought off two San Francisco pass defenders to cartwheel into the end zone for the first of his three touchdowns Thursday night, but Jeff Moore countered with three TDs and quarterback Joe Montana passed for 305 yards as the 49ers won the NFL contest, 30-24.

Compiled by Our Staff From Dispatches  
VIENNA — The World Cup ski season, opening Sunday with a men's downhill event in Pontresina, Switzerland, will see Phil Mahre of the United States aiming at his third straight World Cup trophy and his Swedish rival Ingemar Stenmark hoping to regain his title as undisputed slalom king.

"When you have been winning as much as I have, you need a good motivation to continue," Stenmark said not long ago. "Now I have found one in Phil Mahre."

Mahre, 25 and at the top of his ability, holds not only the overall crown but also the slalom, giant slalom and alpine combined titles — an achievement unparalleled since the days of French ace Jean Claude Killy in the 1960s.

"My goal this season is to win back the slalom and giant slalom cups Mahre captured last winter," Stenmark said.

Stenmark, who has won close to 50 percent of all the World Cup races he has participated in, does not compete in downhill, thus ruling out the chance to gain points in the combined necessary for the overall title.

He is also considering competing in the 1984 Winter Olympics in Sarajevo, Yugoslavia, following the International Ski Federation's saying it would press for the relaxing of Olympic rules so that former B-license holders may participate.

The B-license, which has been dropped this season, allowed a racer to retain money he earned from advertising.

A new addition to the World Cup this season will be the so-called super giant slalom, a cross between giant slalom and downhill.

To be run in only one heat, it is designed to give the downhillers an additional opportunity at cup points.

A preview of the 1982-83 World Cup:

**Austria**  
The team still lacks an all-round skier to fill the boots of Karl Schranz, who won the country's last overall cup trophy in 1970. Austria's hopes remain pinned on downhillers Harti Weirather, Erwin Resch, Peter Wirsberger, Uli Spies and Franz Klammer — the latter going onto his 11th cup season.

Such other veterans as 1978 world champion Sepp Walcher and Werner Grissmann, the eternal darkhorse, have retired.

**Canada**  
Cup downhill champion Steve Podborski and Ken Read are the only remaining seasoned veterans, following the retirements of Dave Irwin and David Murray.

"It's a little scary," Podborski said. "But the young guys are still coming, and they're learning like crazy."

One of the most promising young downhillers is Todd Brook, who zoomed from 61st to 7th in the FIS rankings earn a position in the first seed.

In addition to the powerful men's team, Canada should also make itself felt in the women's downhill competition with such established stars as world champion Gerry Sorensen, who in 1981 emerged as the first Canadian woman in 12 years to win a cup race, as well as Laurie Graham and Diane Lehoucq.

**France**  
As in past years, the women's team has more potential candidates for top placings than the men, although Michel Vion won the men's combined gold medal at last winter's world championships.

He and Michel Camac will start the season in the top-seeded slalom group, while Patrick Lamotte is France's only top-seeded entry in the giant slalom.

In the downhill, hopes rest on an 18-year-old newcomer, junior world champion Franck Piccard.

The women's team will be led by cup downhill champion Marie-Cécile Gros-Caudenier and by the top-seeded trio of Elisabeth Claud, Perrine Pele and Fabienne Serrat.

**Italy**  
The team suffered a shock last summer with the death of Bruno Nockler, who was killed in a crash that also took the lives of the men's coach, Mario Pegorari and trainer Karl Fichter.

The new coach, Pino Pietrogiovanna, says, "We have chances only in the slalom event with Paolo de Chiesa in the top 10. All we can hope for is that some of our younger skiers obtain good placings."

The outlook is brighter for Italy in the women's department with Maria Rosa Quarzo and Daniela Zini always good for top finishes.

**Sweden**  
The highlight for Stenmark this season will be a cup slalom race in his native town of Tärnaby, 60 miles (about 130 kilometers) north of Stockholm. The tiny village was awarded the Feb. 23 race as an expression of gratitude for what the Swedish slalom king has done for alpine skiing.

Said Lars Kjaellberg, the Swedish coach: "I think that Stenmark will be as good this season as usual. I guess his competitors know what that means."

While Sweden has been a one-man team for many years, last winter's results proved that in Bengt Fjällberg — who surprised experts by winning the slalom bronze medal at last winter's world championships — it has found another potential threat.

**Switzerland**

Peter Müller remains Switzerland's top downhiller. Veteran slalom standouts include Pirmin Zurbriggen, Jöel Gaspoz and Jacques Lüthy. Max Julien, slowed by injuries, has returned to top form.

Erica Hess, the overall World Cup champion and individual cup slalom titlist (she also won three gold medals at the 1982 world championships) is the versatile competitor by whom all other women on the circuit measure themselves — and she is in top form.

Seasoned downhiller Doris de Agostini is fully recovered from a training-run concussion suffered several weeks ago.

**United States**

After the most successful year in its history, the U.S. team is anticipating more of the same in the season leading up to next year's Olympics. What the Americans achieved last year was to win 14 medals at the World Cup circuit and five medals at the world championships.

In addition to Phil Mahre's cup victory, his twin brother Steve captured the world giant slalom title to become the first American man ever to win a world championship title in an individual event.

Following his recent successes, Phil Mahre has been more confident as he prepared for the start of the new season.

"With more experience you are less apt to make mistakes," he commented. "We worked a lot on techniques before the last Olympics, but in the last couple years I have worked more simply on going fast."

Unbeaten 'Skins Up Against Walls

By Ken Denlinger  
Washington Post Service  
WASHINGTON — If his astonishing interception pace continues much longer, the world will note no longer remember that it all began 14 months ago here against the Washington Redskins.

Considering that the Dallas Cowboys have two players — Randy White and Tony Dorsett — among the NFL's hall of fame and a gang of other familiar all-pros, early everybody, except quarterbacks, tends to overlook Everson Walls. All he's done is average 10 to an interception a game since high school.

Regular receivers, guys who know where the ball's going, don't always make a catch a game. Neither does Walls; sometimes he makes two.

Walls did that four times during the 1981 regular season. He got two more in the Pro Bowl, and that was after two interceptions — and a fumble recovery — against the 49ers in the National Conference championship game.

In 23 pro tests, over about a season and a half in time if not in games, Walls has intercepted 18 passes. That doesn't count the three he grabbed during the '81 preseason, when most Cowboys weren't quite sure who he was.

One would have thought that anyone worth a stopwatch and a scout card — i.e., every scout in the NFL — should have been paying over Walls. He had 11 interceptions in 11 games for Grambling his senior season. Instead, the scouting reports said: glue hands and glue feet. He was considered too slow, not worth drafting.

The Cowboys got him for box tops. When the Cowboys called Walls, it wasn't even long distance.

He grew up two blocks from their practice field.

When the Cowboys beat the Redskins in the '81 season opener, he was the extra back in obvious passing situations. Dallas stole four passes during a game in which Washington had only 22 fewer yards but 16 fewer points.

Throwing that day was a Joe Theismann with which we have since become unfamiliar. That was early in the awful phase of Theismann's sour-and-sweet experience with Joe Gibbs, when the coach probably wanted to yank him and spank him but could do neither.

Theismann completed 22 passes to Redskins for 281 yards that day; he completed four passes to Cowboys for 129. Walls returned his for a modest eight yards, but then kept getting so good Coach Tom Landry let him start four games last year.

"Although he had a string of 96 interceptionless passes ruddy broken — by the Eagles Sunday — Theismann has glittered almost this entire season, throwing strikes before and after the strike. Walls will be earning everything he gets the unbeaten Redskins Sunday.

There is a line of thought around the NFL that Walls is all-pro because the Cowboy front four is all-galaxy, that the Three Stooges would seem terrific with those maulers chasing quarterbacks. Cleveland quarterback Brian Sipe has said as much.

Walls and the other overachievers on the Dallas secondary, Benny Barnes, Michael Downs and Dennis Thurman, took that personally. On Thanksgiving Day, Walls picked off two of Sipe's passes.

This week, Walls and his pals have been getting an awful of-



Everson Walls

tense from Washington's fans, of Gibbs at his imaginative peak. Last week, Gibbs had Theismann throwing a flea-flicker off a reverse; this Sunday might find Theismann lateraling to Joe Jacoby.

Can't wait to see the game plan each week," Theismann says.

More mature, and still mobile, Theismann ought to let folks see just how good Walls is. If anyone can cause the Dallas defense secondary to play honestly, it's Theismann.

The Redskins, however, are going to have to offer some prizes. They are the only unbeaten team in the league after four games, but they have lost their last five straight games with the Cowboys and eight of the last 10.

China Wraps Up Victory at Games

Compiled by Our Staff From Dispatches  
NEW DELHI — China became the first nation to dethrone Japan for the gold-medal championship in the 31-year history of the Asian Games Friday with clinching victories in badminton and volleyball.

China had its final gold-medal total of 61 to Japan's 57, giving China of its first title in the games since it entered the competition in 1974.

The Japanese had enjoyed an unbroken medal monopoly since the first Asian Games were staged here in 1951.

World champion China easily defeated defending Asian titleholder Japan in Friday's women's volleyball final, 15-12, 15-5, 15-9.

China's other golds came in badminton, with Han Jian beating Liem Swie King, 18-15, 15-10, in the men's singles and Zhang Ai Ling defeating compatriot Li Ling Wei, 11-6, 11-8, in the women's.

Japan won its only gold on the final day of competition in men's volleyball, beating China, 15-6, 15-11, 15-13.

China and Japan had battled neck-and-neck throughout the 16-day Asian, with China serving notice that it would overtake its rival when it won the majority of golds in track and field.

Japan also was disappointed when it won only 21 of the 34 golds at stake in the swimming competition.

China is in a position to be a force in the Olympics, a Chinese games official said.

"What we have to do now is sum up our experience and prepare for Los Angeles," said Wei Jitong, secretary of the Chinese delegation.



Phil Mahre

Benitz, Gomez Put Titles on Line

The Associated Press  
NEW ORLEANS — Boxing rooms easily to Wilfredo Benitz. Training is another matter.

The 25-year-old Puerto Rican is one of six men to win three world titles and he has a 49-1 record, including 26 knockouts. His reputation is that he doesn't like to pay the price of training but, as he went into his World Boxing Council super-welterweight title defense against Thomas Hearns here Friday night, he says he's paid it this time.

The Superdome card also was to include Wilfredo Gomez, WBC super-bantamweight title defender against Lupo Pinot, the WBC featherweight champion. Gomez will be closing out a phase of his career and Pinot trying to open a new one.

The 24-year-old Benitz, whose first championship, at age 17, was the World Boxing Association junior-welterweight title, suffered his only defeat on Nov. 30, 1979, when he lost the WBC welterweight title to Sugar Ray Leonard, the only man to beat Hearns.

Gregorio Benitz, the champion's father and trainer, said that his son trained only 11 days for the Leonard bout, which was his first in eight months. Benitz said he

didn't learn anything from the Leonard bout, but his father said, "He learned to be in the gym more often. He learned he's got to be in good shape to beat anybody."

Benitz hasn't fought since he scored a unanimous decision over Roberto Duran last Jan. 30. "But for this fight I've been working for four months," he said. "This is no vacation," said the champion.

"This is my business."

Benitz has scored decisions over Carlos Santos and Duran in defenses since winning the title on a 12th-round knockout of Maurice Hope on May 23, 1981. He has won six straight since losing to Leonard.

Hearns, who has a 34-1 record with 32 knockouts, has scored a 10-round decision over Ernie Singletary, a one-round knockout of Marco Gerardo and an eighth-round knockout of Jeff McCracken since losing to Leonard Sept. 16, 1981.

"I'm improved a great deal... being able to think in the ring," said Hearns. 24 Hearns had reputation as a boxer as a top amateur with an awesome puncher as a pro. His boxing ability kept him in Leonard the fight until he was stopped in the 14th round.

Super-bantamweight Gomez will be making his 17th and what he says will be the last defense of his WBC title.

"This is a bridge to a fight with either LaPorte or Castillo," said Gomez. He said he has been promised a title match against the winner of Juan LaPorte's WBC featherweight title bout against Ruben Castillo in January.

Pinot says he will not defend his WBC 118-pound class title again.

Gomez has scored all of his 37 victories by knockout, and in Pinot he will be up against a fighter who wears a war of attrition, one who wants to grow stronger as the fight grows longer.

"I don't think the fight will last the distance," said Gomez. In his

only loss, he was knocked out in the eighth round by the late Salvador Sanchez of Mexico in a bid for the WBC featherweight title Aug. 21, 1981.

Pinot has a 49-5-1 record with 38 knockouts.

Pinot, who has defended the bantamweight title eight times, has gone the full 15 rounds four times — winning the title on a split decision over Carlos Zarate of Mexico in a fight in which he was knocked down, June 3, 1979, drawing against Ejiro Murata and outpointing Alberto Davila and Jose Uziga.

**World Dokes Set Dec. 10**  
World Boxing Association heavyweight champion Mike Weaver will defend his title against undefeated Michael Dokes Friday in Las Vegas, promoters have announced. It will be the third defense of the crown for Weaver, who last fought Oct. 3, 1981, when he defeated James Tillis in 15 rounds. Weaver won the title with a 15th round knockout of John Tate in March 1980.

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Patrick Division						020-438-4380	
N.Y. Islanders	15	7	5	108	89	HOLLAND	Amsterdam-Haarlem
Philadelphia	14	9	3	104	84		
Pittsburgh	13	11	3	104	84		
N.Y. Rangers	12	11	3	86	91	ENGLAND: London 01-628	
Washington	8	14	4	90	123		
Pittsburgh	8	14	4	90	123		
New Jersey	7	15	7	79	114	OTHER EC CAPITALS	
Adams Division						Tel Germany 0-6103-6103	
Montreal	14	4	6	122	82		
Boston	12	7	8	122	82		
Quebec	12	10	8	109	85		
Hartford	12	10	8	119	110		
St. Louis	12	10	8	119	110		
New York	12	10	8	119	110		
CAMPBELL CONFERENCE							
Smith Division							
Chicago	17	3	5	109	78		
Minnesota	15	8	122	101	34		
St. Louis	9	15	3	92	163		
Toronto	4	13	5	84	100		
Detroit	3	17	6	67	17		
Smythe Division							
Edmonton	11	10	5	124	117		
Los Angeles	12	9	4	94	94		
Vancouver	9	11	4	84	94		
Calgary	9	11	4	84	94		
Winnipeg	9	11	4	84	94		
Thurston's Division							
Quebec	2	18	3	104	117		
Montreal	11	10	5	124	117		
Calgary	9	11	4	84	94		
Winnipeg	9	11	4	84	94		

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Navratilova Gains Australian Semis

United Press International  
MELBOURNE — Top seed Martina Navratilova breezed into the semifinals of the women's Australian Open tennis championships Friday by flattening Anne Smith, 6-2, 6-3.

Navratilova will play No. 5 seed Pam Shriver, who ousted Australian Wendy Turnbull, seeded fourth, 6-7, 6-3, 6-3.

Chris Evert Lloyd subdued Billie Jean King, 6-2, 6-2, and Andrea Jaeger overcame West German Eva Pfaff, 7-5, 6-2, to make it an all-American semifinal.

Transition

BASEBALL  
ST. LOUIS — Volodymyr Gerasymenko, infielder, for the purpose of giving him his unconditional release.

FOOTBALL  
National Football League  
CHICAGO — Signed Al Chandler, linebacker, to a one-year contract. Placed Bruce Hutter, linebacker, on the injured reserve list.

HOCKEY  
National Hockey League  
TAMPA BAY — Signed Brian Boyle, defenseman, to a one-year contract. Placed head coach and assistant coach on the inactive list.

COLLEGE  
LOUISIANA STATE — Announced the resignation of Coach Gene Smith, head coach, so he can assume position of assistant head coach Bill Wood, assistant football coach.

TEXAS CHRISTIAN — Named Bill Thornton, assistant football coach.

UTAH STATE — Announced the resignation of Joe Wood, assistant football coach.

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